

FISCAL CONDITIONS ANALYSIS



Prepared with the Assistance of:



AS OF MAY 2020
UNLESS OTHERWISE NOTED

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SECTION-I

EXECUTIVE SUMMARY

INTRODUCTION – THE FISCAL CONDITIONS ANALYSIS

General Fund Fiscal Conditions. For several years the City Long Beach, Nassau County, New York (the “City”), has and continues to suffer serious and dire financial conditions. Despite the issuance of deficit financing during 2014, extreme structural imbalances in the operating budget have required the City to continually draw on its reserves and to finance certain operational expenses. Over the fiscal year period ended June 30, 2014 through 2018, reserves in the General Fund deteriorated by approximately 96.9% from approximately \$9.1 million to \$0.3 million. In addition, at June 30, 2019, the audited financial statements reported an unassigned fund balance in the General Fund of *negative* \$2,918,278. Failure to adequately address the structural fiscal imbalance in the coming years will endanger the City’s ability to provide for the health, safety, and wellbeing of its residents, businesses, beachgoers and visitors alike.

Date of Analysis and COVID-19 Pandemic. Unless otherwise noted, this Analysis reflects, as of date of May 2020 with much of the original evaluation being completed prior to the commencement of the COVID-19 Pandemic. As such, the fiscal impact resulting from the COVID-19 Pandemic is not discussed in this Analysis. This Analysis is intended to act as the foundation for a forward looking comprehensive multi-year plan which will include extensive discussions of the COVID-19 Pandemic.

Credit Rating Concerns. Moody's Investors Service, Inc. (“Moody’s”) downgraded the City's credit rating by five notches during December of 2011. Although the credit rating has improved since, there are still significant rating concerns which will require immediate attention. As of the date of this Analysis, the City’s credit rating with Moody’s Investor Services (“Moody’s”) is “Baa2” with a negative outlook, which is dangerously close to a non-investment grade credit rating. A non-investment grade credit would indicate substantial credit risk on the debt obligations of the City. Since the credit rating is the primary factor in determining a jurisdiction’s ability to access the capital markets, and ultimately the rate of interest that is paid, a further downgrade would have a material impact on the City. As will be highlighted throughout this report, the City’s infrastructure is rapidly aging and will require significant attention in the coming years. Failure to proactively address future infrastructure needs will result in significant costs if repairs are completed on an emergency basis. This would only exacerbate the fiscal problems of the City. Thus, it is imperative that the City also focus on enhancing its credit rating. Although re-establishing the credit rating could take several years to complete, the first step will be to focus on the removal of the negative outlook. Removal of the outlook is a short-term goal and will suggest the perception of stabilization to the investment community. In this respect, addressing the immediate cash flow needs of the City would be beneficial. A full upgrade of its credit rating can be considered a long-term goal, one which would signify the perception of substantial improvement. For this, the City will need to demonstrate a positive trend of actual results over a range of time.

The Current State of the City. The following paragraphs have been written by the City Manager for incorporation into the Analysis. The paragraphs provide an internal perspective of the City as of 2020.

“The City faces significant challenges and recognizes the need to generate new, recurring revenue streams to continue to provide vital services and provide the proper level of staff to efficiently deliver those services. Locating those streams is absolutely critical if we are to maintain City services, along with our city’s long-term resiliency projects. As the new acting city manager, we have an opportunity for a fresh start, focusing on the essentials for hard working Long Beach families – balancing costs of business with maintained services and infrastructure, while aligning revenues and expenses.

Going forward, it is essential that we revise the Draft Comprehensive Plan with community input to provide tools for smart development that avoids overdevelopment and gentrification, and maintains affordability while expanding the tax base for future generations. Without an expanded tax base, major cuts are likely to be needed.

Investments in quality of life needs such as beautifying our downtown business districts and supporting recreational and artistic initiatives pay dividends as will further improvements to our world class boardwalk and ocean beach park.

Additionally, it is critical that the City heed long-standing recommendations from fiscal reviews and the recent report from the New York State Financial Restructuring Board. Much of what New York State included in their report will require a city council that is prepared to make hard choices even when they may not be the most popular. Being in a position of leadership requires you to follow what you know is right regardless of political pressure and backlash.

Source: The Office of the City Manager.

Capital Markets Advisors, LLC. Due to the City’s rapidly eroding fiscal position and a need for immediate action, then Acting City Manager, Robert Agostisi, engaged Capital Markets Advisors, LLC (“CMA”) to assist with the development of a Fiscal Conditions Analysis and Multi-Year Plan aimed at reestablishing structurally balanced finances and enhancing the City’s credit rating. Members of CMA’s Strategic Consulting Group conducted its primary evaluation of City operations and key departments between August and October of 2019, with minor reviews following those dates. Input from City officials has been incorporated throughout this Analysis.

The initiatives detailed throughout this Analysis were selected for review of feasibility with City officials. Additional analysis and legal review will likely be required. The estimates were deemed reasonable by CMA based on their limited review yet may be subject to change and adjustment as additional investigations are performed by CMA and/or the City.

Analysis Objective. The purpose of this Analysis is to assist the City in developing a set of fiscal goals, while concurrently identifying goals and objectives that will support its efforts. It is important to continually monitor progress if goals and objectives are to be met.

Methodology. During the evaluation period, CMA conducted several on-site interviews with City officials, conducted a comprehensive review of available financial documents, accumulated data on comparable municipalities for the benchmarking of financial and personnel matters and participated in conversations with various industry professionals. Baseline details relative to the fiscal conditions of the City are provided in Section II of this Analysis.

A summary of recommendations is provided below, while more detailed discussions of the recommendations can be found throughout the Analysis. In total, 55 initiatives were identified by CMA, as of the May 22, 2020 date of this Analysis.

INTRODUCTION – THE CITY

General Information and History. The City is situated on the south shore of Long Island, in Nassau County, approximately 25 miles east of New York City. Incorporated in 1922, the City has a land area of approximately 2.1 square miles and is bound on the north by Reynolds Channel and on the south by the Atlantic Ocean. Reynolds Channel separates the City from the Long Island “mainland.” According to City Management, its elevation is approximately 5 to 6 feet above sea level. Summer temperatures average 13 degrees cooler than Manhattan and in the winter, 10 degrees warmer.

With an estimated population of 33,657 (2017 Interim data obtained from the U.S. Census Bureau), the City is the fifteenth most populated city in New York State. According to information obtained from the Office of the New York State Comptroller, the City’s total expenditures and other uses of approximately \$114.6 million in 2017 placed the City eleventh among cities statewide, excluding New York City and a handful of cities which failed to report to OSC. Total revenues and other sources of approximately \$78.3 million also placed the City twelfth compared to the same list of reporting cities for 2017.

Form of Government. The City was incorporated with the powers and responsibilities inherent in the operation of a municipal government including independent taxing and debt authority. Subject to the provisions of the State Constitution, the City operates in accordance with its charter as well as with various other statutes including General City Law, General Municipal Law, the Local Finance Law and the Real Property Tax law, to the extent that these statutes apply to a city operating with a charter.

City Council. The City Council members are elected for varying terms. Each term is staggered so that every two years three of the five members run. There is no limitation as to the number of terms which may be served by members of the City Council. The City Council members elect the President of the Council.

City Manager. The Chief Executive Officer of the City is the City Manager, who is appointed by the City Council.

Police Commissioner. The Police Commissioner leads the contingent of sworn Police personnel and is approved by the City Council.

Administrative Officials. The City Manager appoints the City Clerk, the City Treasurer, the Assessor, the City Comptroller, the Corporation Counsel and the Commissioners of Public Works and Buildings.

Financial Functions. Certain of the financial functions of the City are the responsibility of the City Manager and the City Comptroller. The chief fiscal officer of the City is the City Comptroller; however, the City Manager is the budget officer of the City.

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SECTION-II

CITY OPERATIONS

FISCAL TREND ANALYSIS

General Fund – Fund Balance Analysis. The City has and continues to suffer stressed and structurally unbalanced fiscal conditions. Failure to satisfactorily address the deficits and/or further negative credit rating agency actions may have a materially adverse impact upon the City.

As detailed in the following exhibits, during the past several years the City has experienced operating and cumulative deficits in the General Fund. The deficit position in the General Fund has been caused primarily by certain expenditures exceeding the amount included in the original budget. In addition, the increased cost of employee benefits have added to the operating losses. The City had an audited General Fund balance at June 30, 2019 of positive \$285,248 (see “Exhibit-GFI,” below), which represents a decline of 96.9.3% since June 30, 2015. Nevertheless, prior to 2015, during 2014 the City issued deficit bonds to eliminate a previous accumulated structural deficit in the General Fund. Further structural deficits in the General Fund will continue to increasingly jeopardize the City’s ability to provide for the health, safety, and welfare of its residents.

The audited position of the City General Fund since June 30, 2010 is illustrated in Exhibits GF-I through GF-III.

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Exhibit GF-I
General Fund Summary of Operating Results (Table Format)
Fiscal Years Ended June 30, 2010 to 2019 (Audited)

FY Ending Jun 30:	2019	2018	2017	2016	2015
Revenue & Transfers In	\$77,515,295	\$75,212,860	\$75,547,056	\$72,473,084	\$71,209,268
Proceeds of Obligations	-0-	-0-	2,010,957	2,867,451	2,920,000
Expenditures & Transfers Out	80,381,091	80,426,615	78,479,778	76,927,050	74,923,368
Operating Surplus / (Deficit)	(2,865,796)	(5,213,755)	(921,765)	(1,586,515)	(794,100)
Starting Fund Balance	3,151,044	8,364,799	7,548,349	9,134,864	9,928,964
Prior Period Adjustments	-0-	-0-	1,738,215	-0-	-0-
End of Year Fund Balance	\$ 285,248	\$ 3,151,044	\$ 8,364,799	\$ 7,548,349	\$ 9,134,864

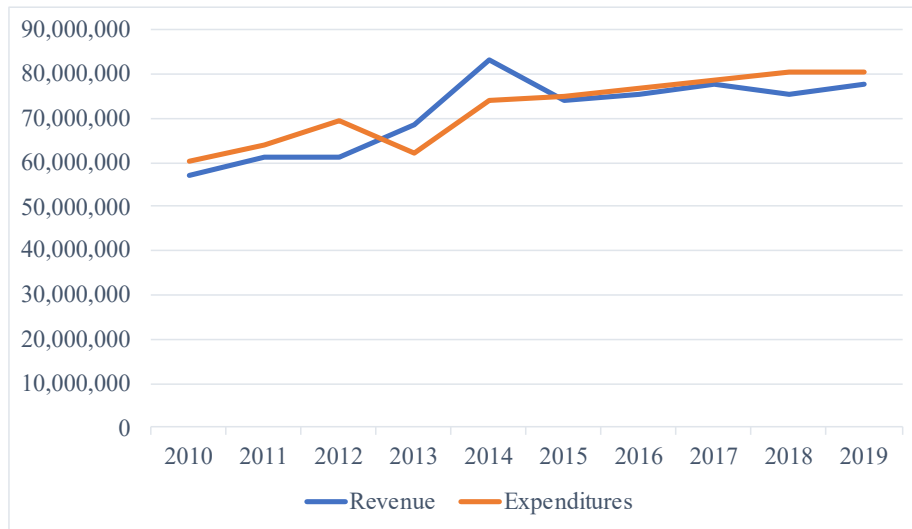
FY Ending Jun 30:	2014 ⁽¹⁾	2013	2012	2011	2010
Revenue & Transfers In	\$70,705,029	\$63,460,920	\$61,110,275	\$61,280,068	\$57,147,912
Proceeds of Obligations	12,338,241	5,021,200	57,130	0	0
Expenditures & Transfers Out	73,965,469	61,892,561	69,304,916	64,010,181	60,036,351
Operating Surplus / (Deficit)	9,077,801	6,589,559	(8,137,511)	(2,730,113)	(2,888,439)
Starting Fund Balance	851,163	(5,738,396)	2,280,377	3,848,453	6,736,892
Prior Period Adjustments	-0-	0	118,738	1,162,037	0
End of Year Fund Balance	\$ 9,928,964	\$ 851,163	\$(5,738,396)	\$ 2,280,377	\$ 3,848,453

- (1) On April 4, 2014, the Office of the State Comptroller certified a City deficit in the amount of \$13,871,017 as of June 30, 2012. The City issued \$8,200,000 in deficit bonds on June 27, 2014 pursuant to Chapter 3 and Section 10.10 for the purpose of liquidating an \$8,200,000 portion of the accumulated deficit.

Source: The audited financial statements of the City. The summary itself is not audited.

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Exhibit GF-II
General Fund Summary of Revenues & Expenditures ⁽¹⁾
Fiscal Years Ended June 30, 2010 to 2019 (Audited) *



(1) Inclusive of other financing sources and uses.

Source: The audited financial statements of the City. The summary itself is not audited.

Exhibit GF-III
General Fund Summary of Fund Balance
Fiscal Years Ended June 30, 2010 to 2019 (Audited) *



Source: The audited financial statements of the City. The summary itself is not audited.

* *Special Note: On April 4, 2014, the Office of the State Comptroller certified a City deficit in the amount of \$13,871,017 as of June 30, 2012. The City issued \$8,200,000 in deficit bonds on June 27, 2014 pursuant to Chapter 3 and Section 10.10 for the purpose of liquidating an \$8,200,000 portion of the accumulated deficit.*

On April 4, 2014, the Office of the State Comptroller certified a City deficit in the amount of \$13,871,017 (as of June 30, 2012). Subsequently, on June 27, 2014, the City issued \$8.2 million in deficit bonds pursuant to State legislation for the purpose of liquidating an accumulated deficit. Despite the influx of deficit funds during the 2014 fiscal year, expenditures have far outpaced revenues in each of the subsequent (audited) fiscal years.

The (audited) composition of the City General Fund for the fiscal years June 30, 2015 through 2019 are shown in Exhibit GF-IV, below.

Exhibit GF-IV
General Fund Composition of Fund Balance
Fiscal Years Ended June 30, 2015 to 2019 (Audited) ⁽¹⁾

FY Ending Jun 30:	2015	2016	2017	2018	2019
Fund Equity:					
Restricted	\$ 34,881	\$ 30,862	\$2,557,023	\$2,607,630	\$1,833,644
Nonspendable	1,414,670	1,469,393	1,367,885	1,357,408	1,369,882
Assigned	635,000	637,545	837,545	-0-	-0-
Unassigned	7,050,313	5,410,349	3,602,346	(813,994)	(2,918,278)
End of Year Fund Balance	\$9,134,864	\$7,548,349	\$8,364,799	\$3,151,044	\$285,248

- (1) Special Note: Prior to 2015, on April 4, 2014, the Office of the State Comptroller certified a City deficit in the amount of \$13,871,017 as of June 30, 2012. The City issued \$8,200,000 in deficit bonds on June 27, 2014 pursuant to Chapter 3 and Section 10.10 for the purpose of liquidating an \$8,200,000 portion of the accumulated deficit.

Source: The audited financial statements of the City. The summary itself is not audited.

The audited composition of the fund balance at June 30, 2019 included a negative unassigned balance of approximately \$2.9 million. Despite the City issuing \$8.2 million in deficit bonds on June 27, 2014, fund balance levels in the General Fund have deteriorated significantly.

Although unassigned fund balance may not be purely liquid, it is the most readily accessible form of fund balance. Thus, in case of emergency, these are the funds that generally provide a safety net for the City. Until addressed, the City's fiscal health will remain challenged by the negative unassigned balance in the General Fund.

General Fund - Fund Balance Analysis Conclusion. Over the (audited) period June 30, 2010 through June 30, 2019, the audited financial statements demonstrate that the City has not been able to overcome the structural impediments for continued solvency. In other words, the disparity between recurring revenues and expenditures is structural and cannot be overcome with just minor changes. Substantial cuts will be required, which could affect services. If severe cuts are to be avoided, new sources of recurring revenue will need to be developed by the City. In all likelihood, effectively correcting the structural balance of the City's finances will involve some combination of expenditure cuts and revenue generating initiatives.

FUND BALANCE AND RESERVES – BEST PRACTICES

As noted in the previous sections, over the past several years the City has been plagued by structurally unbalanced finances in the General Fund. As result, the City issued deficit bonds in 2014. Nevertheless, the audited fund balance has declined by 96.9% over the fiscal years ended June 30, 2015 to 2019. This steep decline represents a significant risk to the City since ample reserves are necessary to assist in providing a cushion for unforeseen occurrences and to meet financial obligations in difficult times. Preserving a moderate level of reserves or fund balance is something that all municipal entities should strive for and something that is also closely monitored by the credit rating agencies.

Unfortunately, there is no statutory formula in determining what constitutes a moderate level of available reserves. Herein follows a summary of industry accepted “best practices” relating to fund balance and reserves.

New York State. New York State statutes regarding fund balance and reserves merely require that available reserves do not extend beyond a “reasonable amount.” Nevertheless, due to a variety of factors, the definition of a “reasonable amount” will undoubtedly vary among municipal entities. Thus, the establishment of fiscal policies, such as a fund balance policy, can assist by clarifying what a jurisdiction deems as appropriate. Maintaining a strict adherence to prudent budgetary practices, which should take reserve levels into account, will also ensure that appropriate reserves are monitored and maintained.

Source: The Office of the State Comptroller.

Government Finance Officers Association. The Government Finance Officers Association (“GFOA”) is a professional association which consist of approximately 19,000 municipal jurisdictions. On their website, the GFOA provides a whole host of best practices relating to the effective management of governmental fiscal operations. Each GFOA best practice must be accepted and approved by its Executive Board prior to inclusion on their website.

According to the GFOA Fund Balance Guidelines for the General Fund, it is a recommended best practice for local governments to “establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes. Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.”

Furthermore, the GFOA recommends, at a minimum, that municipal jurisdictions, regardless of size, maintain an unrestricted budgetary fund balance in their General Fund which consist of no less than two months of typical General Fund operating revenues or the equivalent of the average of two months operating expenditures. In the case of the City, two months of operating expenditures would equate to approximately \$11.8 million. However, the audited unrestricted fund balance, as of June 30, 2019, was negative \$2,918,278.

Source: The official website of the Government Finance Officers Association.

Recommendation – City Operations 1

Update or Draft & Adopt Formal Written Policies & Procedures.

The City would benefit from a comprehensive review and update of existing fiscal policies. In areas where fiscal policies are not present, the City should draft such policies. Financial policies encompassing areas such as fiscal reserves, budgetary procedures, human resources, travel, accounting controls, debt management, and forms of long-term planning should be the primary areas of focus.

Formalizing such policies will add transparency to City operations, which will provide guidance to City employees and present clarity to all stakeholders. Once drafted, the policies should be presented in full form to the City Council for consideration and adoption.

Due to the complexity of some of the legal requirements relating to the establishment of certain policies, the City should consult with legal counsel when drafting / adopting policies.

Such policies and procedures should be annually reviewed and amended, as deemed appropriate, by the City Administration and Council. Of note, CMA understands the development and adoption of such policies is currently in process.

Special Note. See “Section V” of this analysis for comprehensive list of sample fiscal policies.

GENERAL FUND - REVENUE ANALYSIS

The City derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the audited fiscal years ended June 30, 2010 through 2019 is discussed below. Information for those fiscal years has been excerpted from the City’s audited financial reports; however, such presentation has not been audited.

Real Property Taxes. The City derives a major portion of its revenues from a tax on real property. Inclusive of other financing sources, real property taxes accounted for approximately 52.01% of General Fund revenue for the fiscal year ended June 30, 2019.

Exhibit RV-I sets forth the amount of real property tax revenue reported for the General Fund in the City’s audited financial statements for the fiscal years ended June 30, 2010 through 2019 and the amount included in the 2020 operating budget.

Exhibit RV-I
Real Property Taxes and General Fund Revenues
Fiscal Years Ended June 30, 2010 to 2020

FY Ending Jun 30:	General Fund Revenue ⁽¹⁾	Real Property Taxes	% Real Property Taxes to General Fund Revenues
2010 (Audited)	\$57,147,912	\$27,562,000	48.23%
2011 (Audited)	61,280,068	28,455,745	46.44
2012 (Audited)	61,167,405	28,298,601	46.26
2013 (Audited)	68,482,120	32,574,456	47.57
2014 (Audited)	83,043,270	33,053,752	39.80
2015 (Audited)	74,129,268	32,604,023	43.98
2016 (Audited)	75,340,535	33,644,491	44.66
2017 (Audited)	77,558,013	35,670,101	45.99
2018 (Audited)	75,212,860	36,567,744	48.62
2019 (Audited)	77,515,295	40,318,549	52.01
2020 (Budget)	85,678,257	45,838,541	53.50

(1) Inclusive of other financing sources.

Source: The audited financial statements for 2010 through 2019 and the 2020 budget of the City. The summary itself is not audited.

State Aid. The City receives financial assistance from the State. Inclusive of other financing sources, State Aid accounted for approximately 7.61% of the General Fund revenue for the fiscal year ended June 30, 2019. A substantial portion of the State aid received is directed to be used for specific programs.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Exhibit RV-II on the following page sets forth the amount of State aid reported for the General Fund in the City's audited financial statements for the fiscal years ended June 30, 2010 through 2019 and the amount included in the 2020 operating budget.

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Exhibit RV-II
State Aid and General Fund Revenues
Fiscal Years Ended June 30, 2010 to 2020

FY Ending Jun 30:	General Fund Revenue ⁽¹⁾	State Aid	% State Aid to General Fund Revenues
2010 (Audited)	\$57,147,912	\$5,243,863	9.18%
2011 (Audited)	61,280,068	5,070,091	8.27
2012 (Audited)	61,167,405	5,020,129	8.21
2013 (Audited)	68,482,120	6,163,439	9.00
2014 (Audited)	83,043,270	4,942,811	5.95
2015 (Audited)	74,129,268	5,484,530	7.40
2016 (Audited)	75,340,535	6,073,582	8.06
2017 (Audited)	77,558,013	6,545,706	8.44
2018 (Audited)	75,212,860	6,155,780	8.18
2019 (Audited)	77,515,295	5,897,406	7.61
2020 (Budget)	85,678,257	5,706,001	6.66

(1) Inclusive of other financing sources.

Source: The audited financial statements for 2009 through 2019 and the 2020 budget of the City. The summary itself is not audited.

Sales Tax. Section 1210 of the New York Tax Law (the “Tax Law”) authorizes counties to levy sales and compensating use taxes of up to 3% in addition to the 4% sales tax levied by the State (certain counties have received approval by the State Legislature to impose a sales and compensating use tax of greater than 3%). Sales and compensating use taxes are collected by the State and distributed to counties and municipalities of the State on a monthly basis.

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Exhibit RV-III sets forth the amount of sales tax reported for the General Fund in the City's audited financial statements for the fiscal years ended June 30, 2010 through 2019 and the amount included in the 2020 operating budget.

Exhibit RV-III
Sales Tax and General Fund Revenues
Fiscal Years Ended June 30, 2010 to 2020

FY Ending Jun 30:	General Fund Revenue ⁽¹⁾	Sales Tax	% Sales Tax to General Fund Revenues
2010 (Audited)	\$57,147,912	\$2,699,645	4.72%
2011 (Audited)	61,280,068	3,108,025	5.07
2012 (Audited)	61,167,405	3,093,718	5.06
2013 (Audited)	68,482,120	3,159,789	4.61
2014 (Audited)	83,043,270	3,360,260	4.05
2015 (Audited)	74,129,268	3,779,782	5.10
2016 (Audited)	75,340,535	3,801,681	5.05
2017 (Audited)	77,558,013	4,091,170	5.27
2018 (Audited)	75,212,860	4,178,455	5.56
2019 (Audited)	77,515,295	4,306,037	5.56
2020 (Budget)	85,678,257	4,225,000	4.93

(1) Inclusive of other financing sources.

Source: The audited financial statements for 2010 through 2019 and the 2020 budget of the City. The summary itself is not audited.

Revenue Analysis - Conclusion. Like many other public jurisdictions, in order to operate and provide adequate services to residents and other stakeholders, the City requires secure predictable revenue sources which will grow on an annual basis to keep pace with expenditures. Annual growth of recurring revenue sources is an important factor since the City's largest expenditures (salaries, employee benefits, equipment, etc.) also increase annually. If revenues become stagnant and expenditure growth cannot be offset, the fiscal condition of the City will continue to deteriorate.

The weakening of the City's tax base and the State-imposed property tax cap provide obstacles to the City's ability to raise property tax. For the 2020 fiscal year, the operating budget of the City exceeded the real property tax cap. This was a positive step toward reestablishing structural balance in the General Fund. Additional real property tax increases which exceeded the cap may be required in future years.

A continued lack of growth in the primary revenue sources will not sustain the operating costs of the City. As such, the City is left with two options: continue to exceed the State imposed real property tax cap or seek out alternative sources of recurring revenues. Over the past two years, the City has been actively seeking out new sources of revenue. The implementation of parking pay stations and the future replacement of City water meters are excellent examples of efforts the City could take. Nevertheless, the replacement of water meters will only impact the Water Fund and

the City should continue to seek out alternative sources of recurring revenues that will improve the General fund.

Recommendation – Revenue I

Seek Out Alternative Recurring Sources of Revenue

The City's distressed financial condition has been intensified by slow growth of primary revenue sources, which have also been impacted by State imposed limitations. Although it is crucial for the City to take corrective actions immediately, the limitations provide a barrier to quick action. As such, alternative sources of recurring revenues should be investigated in the near future. A long-term approach to developing a balance between revenue increases and expenditure reductions should be developed and implemented over the next several years. To assist in this effort, the City should construct an Administrative Committee or Task Force to identify, review and recommend both opportunities for expenditure reduction and revenue generation.

***Special Note.** Such opportunities, along with various revenue programs, are anticipated to be explored by the City in the coming months and will be included as part of a 5-year fiscal improvement plan.*

DEFICIT FINANCING

The City Council adopted a home rule resolution requesting that the State Legislature enact legislation authorizing the City to issue bonds pursuant to section 10.10 of the Local Finance Law in an aggregate amount not to exceed \$15.0 million to finance the City's accumulated General, Water, and Sewer Fund deficits as of June 30, 2012. On April 4, 2014, the Office of the State Comptroller certified a City deficit in the amount of \$13,871,017 (as of June 30, 2012). Subsequently, on June 27, 2014, the City issued \$8.2 million in deficit bonds pursuant to the State legislation for the purpose of liquidating an accumulated deficit. Despite, the influx of deficit funds during the 2014 fiscal year, expenditures have far outpaced revenues in each of the subsequent (audited) fiscal years.

Upon the issuance of the deficit bonds, the City Manager must submit to the State Comptroller each year, starting with the 2014-2015 fiscal year and for each subsequent fiscal year during which the deficit bonds are outstanding, the tentative or preliminary budget for the succeeding fiscal year. The State Comptroller must examine the proposed budget and make such recommendations as deemed appropriate thereon. Within thirty days after final adoption of the budget for the next succeeding fiscal year, the City Manager must prepare a three (3) year financial plan covering the next succeeding fiscal year and the two fiscal years thereafter. The City Comptroller is required to monitor the operating budget and prepare various reports, some quarterly, summarizing applicable financial data and trends. These reports are submitted at the end of each quarter to each member of the City Council and the City Manager, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee. As of the date of this Analysis, it is not clear if the City has timely provided previous multi-year financial plans or quarterly monitoring reports. However, City officials have indicated they intend to do so in future years. In addition, as it related to debt,

the City Comptroller must notify the State Comptroller at least fifteen (15) days prior to the issuance of any bonds or notes or entering into any installment purchase contract.

GENERAL FUND - EXPENDITURE ANALYSIS

The major categories of expenditure for the City are General Government Support, Public Safety, Public Works, Community Services, Culture and Recreation and Debt Service. For the audited fiscal years ended June 30, 2010 through 2019, total General Fund expenditures and other financing uses increased by approximately 46.48% from \$54,873,261 to \$80,381,091.

Exhibit EX-I provides a summary of the audited expenditures for the City's 2010-2019 fiscal years.

Exhibit EX-I General Fund Composition of Fund Balance Fiscal Years Ended June 30, 2010 to 2019 (Audited)

FY Ending Jun 30:	2019 (Audited)	2018 (Audited)	2017 (Audited)	2016 (Audited)	2015 (Audited)
General Gov. Support	\$12,339,284	\$12,443,915	\$13,170,523	\$13,543,278	\$14,349,805
Educational	159,596	319,795	144,995	267,964	365,759
Public Safety	17,688,126	17,569,898	17,354,500	17,277,790	17,153,481
Transportation	1,828,166	2,087,294	1,987,190	2,147,642	2,005,825
Economic Assistance	347,877	221,773	309,880	680,623	299,137
Cultural & Recreation	6,989,989	7,323,121	7,158,243	6,859,876	6,712,869
Home & Com. Service	8,165,089	8,112,956	8,286,086	8,333,662	8,391,745
Employee Benefits	24,448,112	22,768,187	21,927,551	20,226,230	19,722,303
Debt Service	-0-	124,572	116,942	113,897	103,555
Total Expenditures	\$71,966,239	\$70,971,511	\$70,455,910	\$69,450,962	\$69,104,479
Other Financing Uses	8,414,852	9,455,104	8,023,868	7,476,088	5,818,889
Total Expenditures & Other Financing Uses	\$80,381,091	\$80,426,615	\$78,479,778	\$76,927,050	\$74,923,368

FY Ending Jun 30:	2014 (Audited)	2013 (Audited)	2012 (Audited)	2011 (Audited)	2010 (Audited)
General Gov. Support	\$12,517,613	\$10,709,814	\$12,674,922	\$10,853,679	\$ 8,806,252
Educational	297,951	151,791	47,782	230,415	168,005
Public Safety	21,056,595	14,895,398	15,877,391	16,110,133	15,420,075
Transportation	1,618,824	1,567,244	1,847,568	1,757,325	1,933,500
Economic Assistance	136,002	107,099	137,185	118,171	123,225
Cultural & Recreation	6,776,869	5,712,571	7,247,955	6,965,975	6,914,224
Home & Com. Service	7,756,257	7,147,359	9,090,981	8,563,787	8,481,552
Employee Benefits	18,515,713	17,344,192	17,953,874	15,314,376	13,026,428
Debt Service	611,636	66,118	580,193	-0-	-0-
Total Expenditures	\$69,287,460	\$57,701,586	\$65,457,851	\$59,913,861	\$54,873,261
Other Financing Uses	4,678,009	4,190,975	3,847,065	4,096,320	5,163,090
Total Expenditures & Other Financing Uses	\$73,965,469	\$61,892,561	\$69,304,916	\$64,010,181	\$60,036,351

Source: The audited financial statements of the City. The summary itself is not audited.

As is common with most local governments, the services provided by the City are extremely labor-intensive, and as a result employee wages and benefits account for the majority of the City's annual General Fund expenditures.

Given that wages and benefits expenditures represent such a large portion of the City's total expenses, employee compensation (salaries and other fringe benefits) must be carefully monitored, and modified when possible, in order to rectify the City's structural deficit. Employee compensation should be kept in line with the City's revenues. Unless such costs are held at affordable levels, it is likely that the City's fiscal health will further suffer. This would be disadvantageous to all City stakeholders, including City employees.

Recommendation – Expenditures I:

Identify Cost-Cutting Measures and Contain Personnel Costs By Exploring City Departments For Internal (Staff) Restructuring Opportunities

General. *The City's distressed financial condition has been intensified by rapidly escalating fixed costs. As such, the City should analyze discretionary expenditures in an effort to identify, reduce or eliminate costs that will not negatively impact the City's ability to deliver core services. A long-term approach focusing on several years should be implemented. To assist in this effort, the City should construct an Administrative Committee or Task Force to identify, review and recommend both opportunities for expenditure reduction and revenue generation.*

Personnel Related Costs. *Analyzing key City departments on a continual basis to ensure that tasks are properly delegated can quickly impact employee productivity and efficiency. Subsequently, enhancing efficiency levels will assist the City in its ability to reduce certain personnel related costs, such as overtime. This is important since overtime costs can rapidly and significantly increase future long-term pension costs.*

Furthermore, a strategic and proactive approach to containing employee related expenses will lessen the future risk of workforce reductions. Thus, to ensure the workforce identifies with the City's priorities, maintaining transparency among employees and the administration will be crucial. Workforce involvement in reducing the deficit will allow the City to continue to supply essential services to residents and also to provide sensible salaries and benefits to its staff.

Special Note. *Expenditure reduction opportunities, along with various revenue programs, are anticipated to be explored by the City in the coming months and will be included as part of a 5-year fiscal improvement plan.*

GENERAL FUND - BUDGETARY VARIANCE TREND ANALYSIS

The Government Finance Officers Association ("GFOA") recommends the evaluation of fiscal performance relative to a jurisdiction's adopted budget. By monitoring results, structural problems can be identified and the padding of expenditures can be detected. Findings of consistent, positive variances in expenditure categories can support budgetary reductions in those areas. For the purpose of this Analysis, a ten-year examination was conducted on the City's General Fund.

The findings of the budgetary variance trend analysis are provided in Exhibits BV-I through BV-III.

Exhibit BV-I
General Fund Budgetary Variance Analysis - Revenues
Fiscal Years Ended June 30, 2010 through 2019 (Audited)

Revenue Category	2019	2018	2017	2016	2015
Real Property Taxes	(134,688)	(126,125)	(124,171)	(10,619)	(13,919)
Other Property Tax Items	(78,440)	(32,010)	+65,589	+970	+90,103
Non-Property Tax Items	+113,265	(119,782)	(55,476)	(268,441)	+598,572
Departmental Income	(1,589,074)	(2,082,557)	(1,287,336)	+1,234,577	(1,056,434)
Intergovernmental Charges	(61,114)	+148,531	(500,039)	(64,152)	234,968
Use of Money / Property	+220,991	+91,653	+64,904	(24,318)	5,817
Licenses & Permits	(504,031)	(822,047)	(769,474)	+335,983	(263,189)
Fines & Forfeitures	(208,133)	(241,231)	(248,671)	(16,246)	(100,545)
Sales of Property & Compensation for Loss	+220,371	+23,466	(752,780)	(1,201,363)	+21,396
Miscellaneous (Includes Notes)	(1,776,457)	(100,707)	+283,212	+93,890	+246,177
Interfund Revenues	(525,000)	(565,000)	(500,000)	+180,725	+53,191
State Aid	(70,000)	(106,746)	+671,041	+199,398	+32,345
Federal Aid	(267,629)	(187,910)	+1,330,742	(2,360,435)	(656,069)
TOTAL REVENUE VARIANCE	(4,659,939)	(4,120,465)	(1,822,459)	(1,900,031)	(807,587)

Revenue Category	2014	2013	2012	2011	2010
Real Property Taxes	(5,746)	-0-	(377,306)	(248,056)	-0-
Other Property Tax Items	(11,045)	+209,818	221,720	171,771	128,476
Non-Property Tax Items	+896,686	(7,938)	(1,569,446)	(473,787)	(1,344,525)
Departmental Income	(745,061)	(2,668,187)	(1,268,984)	469,950	1,002,363
Intergovernmental. Charges	(574,200)	+58,693	(68,349)	24,889	6,525
Use of Money / Property	(134,100)	+20,835	4,801	(205,789)	(1,352,007)
Licenses & Permits	+578,785	+92,547	198,219	104,336	187,272
Fines & Forfeitures	(159,044)	(54,686)	(555,823)	24,230	146,747
Sales of Property & Compensation for Loss	+277,209	+39,100	140,407	191,236	-0-
Miscellaneous	(37,353)	(358,315)	(364,123)	22,894	94,510
Interfund Revenues	+410,725	-0-	-0-	-0-	-0-
State Aid	+17,141	+1,179,385	(1,061,625)	(1,325,665)	(1,222,965)
Federal Aid	(1,392,654)	(1,599,092)	485,104	202,940	22,080
TOTAL REVENUE VARIANCE	(878,657)	(3,087,840)	(4,215,405)	(1,041,051)	(2,331,524)

(1) Red indicates a negative budgetary variance. Green indicates a positive budgetary variance.

Source: The audited financial statements of the City. The summary itself is not audited.

General Fund – Revenue Variance Findings (Audited). For the fiscal years ended June 30, 2010 through 2019, excluding transfers and the use of fund balance, the sum of variances for each year were consecutively negative. This means for each of these years, the actual collection of revenue was significantly less than the amounts included in the operating budgets (as modified). Based on the trend analysis, it is clear that a significant recurring structural imbalance is present with respect to several key revenue sources.

Exhibit BV-II
General Fund Budgetary Variance Analysis - Expenditures
Fiscal Years Ended June 30, 2010 through 2019 (Audited) ⁽¹⁾

Expenditure Category	2019	2018	2017	2016	2015
General Gov. Support	(672,538)	+968,497	+294,197	+323,814	+52,792
Education	(69,404)	+34,205	+70,001	-0-	+169
Public Safety	+140,196	+1,393	+2,025	+20	+30,148
Transportation	(215,100)	+136,864	+5,178	+7	+13,482
Economic Assistance & Opportunity	(109,782)	+87,071	+52,671	+50,133	+16,334
Culture & Recreation	+64,345	+6,006	+6,780	+10,408	+97,182
Home & Community Services	+145,207	+1,256	+7,271	+590	+149,207
Employee Benefits	+3,210,528	+298,607	+571,191	+11,988	-0-
Debt Service	-0-	+300	+1	-0-	-0-
TOTAL EXPENDITURE VARIANCE	+2,493,452	+1,534,199	+1,009,315	+396,960	+359,314

Expenditure Category	2014	2013	2012	2011	2010
General Gov. Support	+1,387,082	(647,618)	+1,120,635	+1,435,941	+2,113,640
Education	-0-	(67,336)	+64,602	(127,415)	(64,844)
Public Safety	-0-	+46,271	(837,717)	(2,176,467)	(777,057)
Transportation	-0-	(131,220)	(70,925)	+56,579	(50,632)
Economic Assistance & Opportunity	+82,614	+20,076	+25,272	+50,625	+12,694
Culture & Recreation	+598	(114,658)	(574,265)	(35,538)	+646,152
Home & Community Services	+748,036	+651,022	+41,232	+296,612	(9,549)
Employee Benefits	+2,020,607	+1,938,906	(180,157)	(89,209)	+71,949
Debt Service	-0-	+24,806	(55,019)	-0-	-0-
TOTAL EXPENDITURE VARIANCE	+4,238,937	+1,720,249	(466,342)	(588,872)	+1,942,353

(1) Red indicates a negative budgetary variance. Green indicates a positive budgetary variance.

Source: The audited financial statements of the City. The summary itself is not audited.

General Fund – Expenditure Variance Findings (Audited). The findings for expenditures sharply contrasted that of revenues. Excluding the fiscal years ended June 30, 2011 and 2012, the sum of variances reported for expenditures, excluding transfers, were positive. Although a small annual variance would be appropriate, the disproportionate positive expenditure variances are suggestive of excessive slack in the budget.

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Exhibit BV-III
General Fund Budgetary Variance Analysis – Other Sources & Uses
Fiscal Years Ended June 30, 2010 through 2019 (Audited)

Other Category	2019	2018	2017	2016	2015
Debt Proceeds	0	(1,620,000)	-0-	-0-	+1,120,000
Transfers - In	(222,511)	(234,322)	(423,869)	+551,552	+34,212
Transfers – Out	+4,510,106	+64,378	+952,793	+4	-0-
TOTAL OTHER	+4,287,595	(1,789,944)	+528,924	+551,556	+1,154,212

Other Category	2014	2013	2012	2011	2010
Debt Proceeds	+5,838,241	+5,021,200	+57,130	-0-	-0-
Transfers – In	-0-	+250	+27,361	-0-	-0-
Transfers – Out	+96,041	+1,217,501	+2,063	(1,016,030)	+1
TOTAL OTHER	+5,934,282	+6,238,951	+86,554	(1,016,030)	+1

(1) Red indicates a negative budgetary variance. Green indicates a positive budgetary variance.

Source: The audited financial statements of the City. The summary itself is not audited.

General Fund – Other Sources and Uses Variance Findings (Audited). Excluding the fiscal years ended June 30, 2018 and 2011, the budgetary variance findings for other sources and uses were positive. The City has demonstrated a trend of balancing certain annual operations through the issuance of debt obligations, suggesting a recurring financial structural imbalance.

General Fund – Budgetary Variance Conclusion. As detailed in Exhibits BV-I through BV-III, the fiscal operations of the City have demonstrated a trend of structural imbalance. Recurring negative revenue variances in recent years suggests unrealistic budgetary forecasts, while the trend of positive expenditure alludes to excessive slack in certain projections.

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COLLECTIVE BARGAINING UNITS & CITY EMPLOYEES

As of February 2020, the City had 325 full-time employees and approximately 1,100 part-time and seasonal employees. Police and Fire Department employees as well as general City employees are each represented by a collective bargaining agent.

There are five collective bargaining organizations representing City employees as indicated in Exhibit EMP-I:

Exhibit EMP-I **Collective Bargaining Units**

Bargaining Unit	Number of Employees Represented	Contract Expiration Date
Civil Service Employees Association	214	06/20/25
Police Benevolent Association	62	06/30/15 ⁽¹⁾
Commanding Officers Association	4	06/30/08 ⁽¹⁾
United Fire Fighters Association	25	06/30/10 ⁽¹⁾
Non-Union	20	N/A

(1) Contract in negotiations (as of February 2020).

Source: The City's annual financial and operating information for the fiscal year ended June 30, 2019 (on file with the Municipal Securities Rulemaking Board).

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Comparative Employee Analysis (Long Island Cities and Towns). Exhibit EMP-II and Exhibit EMP-III provides a comparative analysis of the City's full-time employees and collective bargaining units against those of other Long Island cities and towns.

Special Disclosure: It should be noted, data for the City, and the other jurisdictions, may be skewed as result of the makeup of the jurisdictions and the various services each provides. Exhibit EMP-II does not account for services provided.

Exhibit EMP-II
Comparative Fulltime Employee Per Capita Analysis
Long Island Cities & Towns

Rank	Jurisdiction	2017 Estimated Population ⁽¹⁾	Estimated Fulltime Employees	Fulltime Employees to Population
1.	Town of East Hampton	21,935	329	66.67
2.	Town of Southold	22,241	277	80.29
3.	Town of Smithtown	117,863	1,248	94.44
4.	City of Long Beach	33,657	334	100.77
5.	Town of Southampton	58,024	528	109.89
6.	Town of Riverhead	33,839	300	112.8
7.	City of Glen Cove	27,376	183	149.6
8.	Town of Oyster Bay	298,655	993	300.76
9.	Town of Huntington	204,011	675	302.24
10.	Town of Hempstead	772,296	1,809	426.92
11.	Town of Islip	335,302	700	479
12.	Town of North Hempstead	231,085	421	548.9
13.	Town of Brookhaven	487,731	812	600.65
14.	Town of Babylon	213,199	351	607.4
15.	Town of Shelter Island	2,643	N/A	N/A

(1) Interim data obtained from the U.S. Census Bureau (American Community Survey).

Source: Information obtained from the MSRB (Official Statements and Annual Continuing Disclosure Filings).

Compared to its peers, the City has a moderate level of employees for its (estimated) population. As noted in the above analysis, the City retains 1 employee per 100.77 residents, which ranks 11th out of the 15 cities and towns in Long Island.

Collective Bargaining Units & City Employees - Conclusion. Over the past several years the City has made an effort to right-size its workforce, reducing headcount by 11% to the lowest levels in over a decade, reducing labor and personnel costs from 83% of the budget to 71%. At a gross level, ranking 11th among 15 Long Island cities and towns, the City employs just a moderate level of employees. However, the above assessment does not include a breakdown of the individual departments, which could vary significantly. Section III of this plan includes a review of key City departments and divisions. Section III also includes additional discussions on staffing levels. Taking steps to determine appropriate workforce requirements for each department could positively impact efficiency levels.

Annual fluctuations are natural but should be very closely monitored. An inadequate workforce has the potential to negatively impact service levels and drain valuable resources. Conversely, an excessive workforce will result in (significant) avoidable costs. Although an option, significant reductions should only be considered as a last option due to the potential impact on service levels. As noted, the gross workforce of the City is moderate. Thus, reallocating employees and resources and investigating opportunities for shared services may provide a better initial approach. Nevertheless, if the City's finances continue to deteriorate, significant reductions may be unavoidable.

NEW YORK STATE FISCAL DISTRESS DETERMINATION

Fiscal Stress Monitoring System – Introduction. The Office of the State Comptroller (“OSC”) has a constitutional and statutory function to oversee, analyze, and provide details on the fiscal health of New York governmental entities. As such, in 2013 they developed a Fiscal Stress Monitoring System (“FSMS”) to assist in providing an early identification of municipalities that are susceptible to certain forms of financial stress. Early detection affords elected officials the ability to strategically plan so that current behaviors can be altered in such a way that future results are improved. Corrective actions have the potential to reduce costs, increase efficiency, and to ensure that essential governmental services are effectively provided to residents.

Under the FSMS, fiscal stress scores are based on financial information that is required to be filed annually with OSC. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether an entity is in one of the following three categories of fiscal stress:

1. *Significant Fiscal Stress*
2. *Moderate Fiscal Stress*
3. *Susceptible to Fiscal Stress*

Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “*No Designation*.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

A stressed designation does not guarantee future fiscal troubles. Instead, it is meant to be an early indicator so that local governments and the public can have the necessary conversations and begin taking corrective action before the financial condition of their local jurisdictions reaches a dangerous level.

The most common characteristics amongst entities who received a stressed designation included, low levels of reserves, low liquidity levels, operational deficits, financing of operational costs and a host of environmental or demographic challenges.

Source: The New York Office of the State Comptroller (the Fiscal Stress Monitoring System).

FSMS – Statewide 2018 Findings. OSC released a set ranking for municipal jurisdictions operating on a calendar year basis in September of 2019. The scores were based on 2018 operating results and marked the fourth release by OSC since the commencement of the FSMS program. Compared to previous releases, the 2019 release is particularly interesting. Approximately 97.6% of public jurisdictions in New York State were not categorized with a fiscal stress determination. However, Long Island, as in previous years, showed the largest proportions of stressed jurisdictions (see “Exhibit FM-II” on the following page). In addition, approximately 22.6% of (reporting) cities were designated as fiscally stressed. This represents an increase of 14.5% compared to OSC’s September 2018 report.

A full copy of the September 2019 report can be obtained by visiting the official FSMS website:

<https://www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/fsms-results-for-munis-common-themes-fiscal-year-2018.pdf>

The September 2019 information released by OSC included data for 1,586 counties, cities, towns and villages. Of the 1,586 entities, OSC was able to calculate scores under the FSM for 1,447 jurisdictions. Excluding the un-scored jurisdictions, 97.6% of the jurisdictions were categorized by OSC as “no designation,” 1.2% were categorized as “susceptible to fiscal stress,” 0.4% were categorized as “moderate fiscal stress,” and 0.8% were categorized as “significant fiscal stress.”

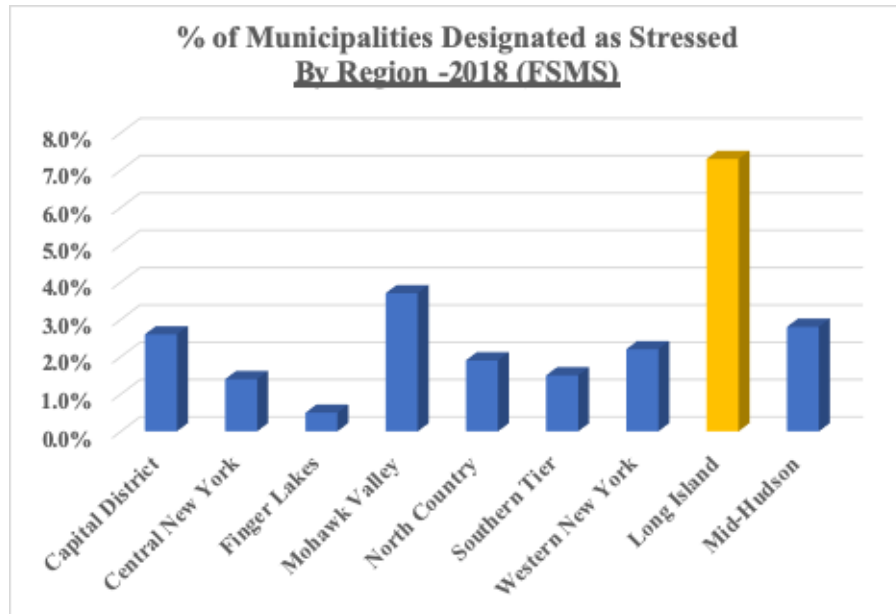
A five-year breakdown of reporting governmental entities is provided in Exhibits FM-I and FM-II below:

Exhibit FM-I
Five-Year Trend of FSMS Designations (2014 to 2018)

FSMS Designations	2014	2015	2016	2017	2018
Stress Designation:					
Significant Fiscal Stress	18	11	4	12	12
Moderate Fiscal Stress	17	18	18	10	6
Susceptible to Fiscal Stress	34	30	16	15	17
Total Stress Designations	69	59	38	37	35
No Designation	1,403	1,410	1,419	1,427	1,447
Not Filed / Inconclusive	123	126	138	125	139
Total Reporting Jurisdictions	1,595	1,595	1,595	1,589	1,586

Source: The New York Office of the State Comptroller (the Fiscal Stress Monitoring System).

Exhibit FM-II
Regional Trends of FSMS Designations (2018)



Source: The New York Office of the State Comptroller (the Fiscal Stress Monitoring System – Common Themes for Fiscal Year 2018).

The five-year trend of FSMS data shows modest annual change in the number of entities holding a stress designation. Nevertheless, according to OSC’s report, the data suggests that counties and cities may be more prone to experiencing financial stress. In addition, the data also shows that jurisdictions on Long Island are more likely to experience fiscal stress by comparison to other regions of the State.

FSMS Benchmarking the City and Long Island Villages and Towns – 2019 Data Cities and Villages and 2018 Data Towns. Based on information provided by OSC, as of June 30, 2019, the City’s fiscal score was 85.0%, which places it in the “Significant Fiscal Stress” category. This represented a deterioration compared to the City’s 2018, 2017 and 2016 scores of 80.8%, 80.8% and 58.3%, respectively. The median score for all reporting State-rated cities was estimated to be approximately 25.4% and 44.4% for large downstate cities, based on information received from the FSMS.

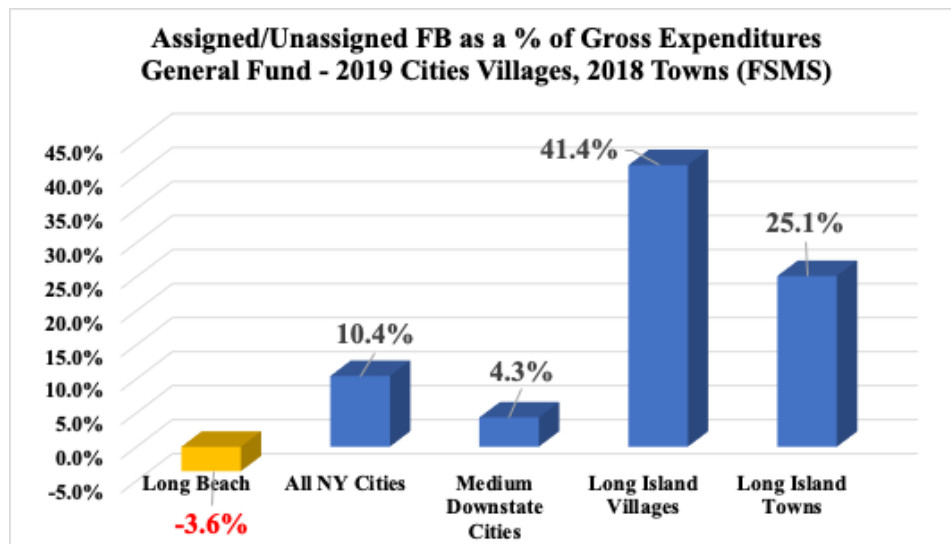
The FSMS provided the City with an Environmental Score of 20.0% for the 2019 fiscal year, which was the same as its 2018 score but represented a decrease compared to the 2017 fiscal year score of 26.7%.

Source: The New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

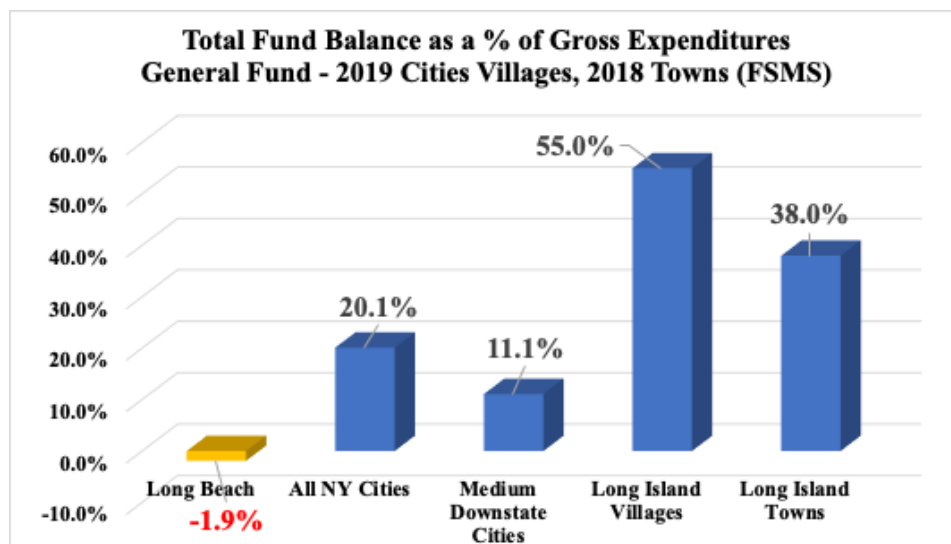
Exhibits FM-III through FM-VII provide an illustration of how the City compared in certain fiscal factors to all rated State cities, medium sized down state cities and Long Island Villages. The following tables have been extrapolated directly from OSC’s Fiscal Stress Monitoring System

Search Tool). Long Island contains only two cities, the cities of Long Beach and Glen Cove. Information for the City of Glen Cove has not been reported the OSC. As such, although depicted on the State's FSMS system, a comparison to Long Island cities has been excluded from the following tables since it only shows data for the City. In addition, given the makeup of the City, Long Island Villages were deemed to be acceptable for this analysis and thus are included. Although not as comparable to the City, Long Island towns are also being included.

Exhibit FM-III
Fund Balance Ratios - FSMS Benchmarks

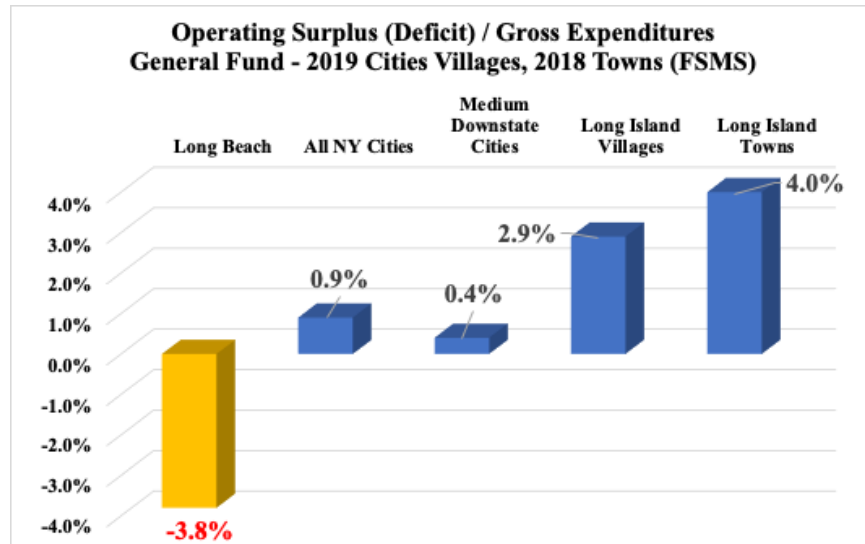


Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

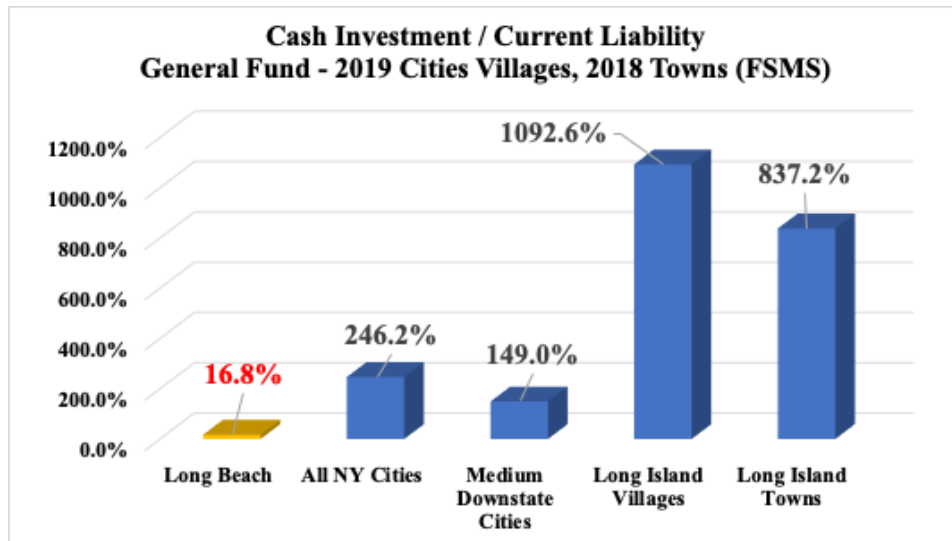


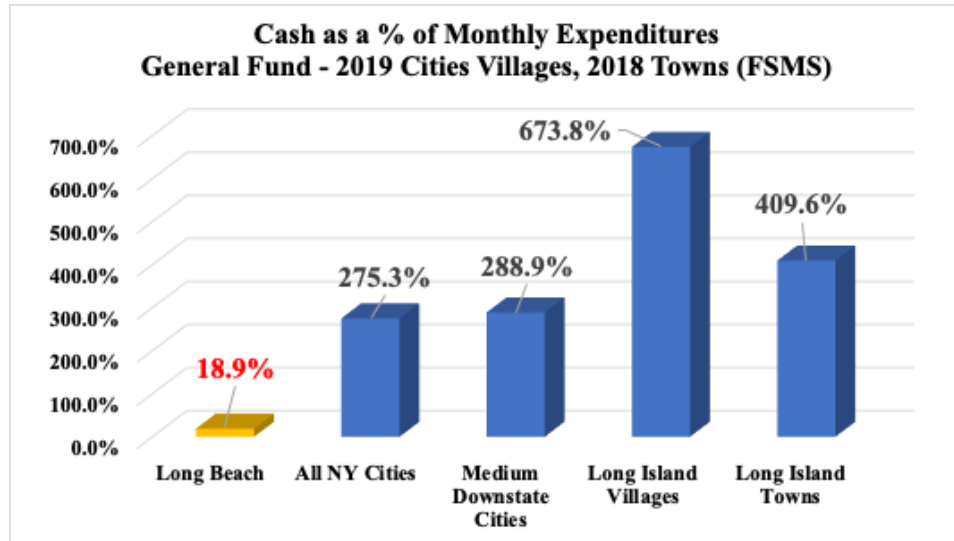
Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

Exhibits FM-IV
Liquidity & Operational Cash Ratios - FSMS Benchmarks



Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

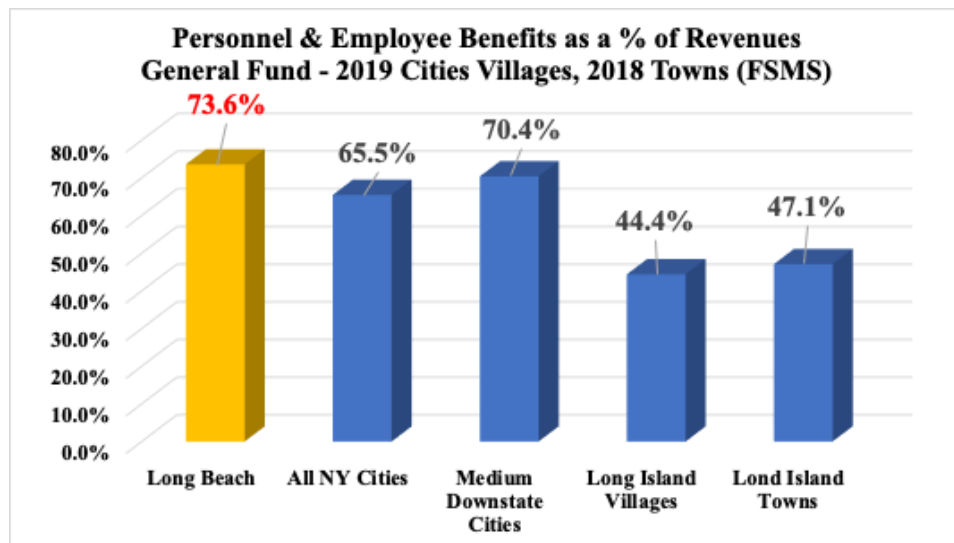


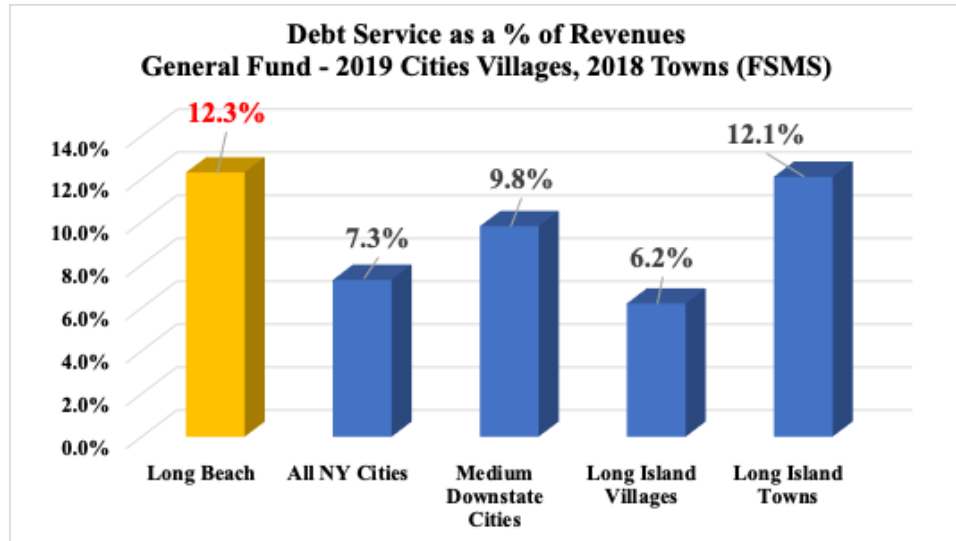


Operational cash remained considerably lower than for other reporting cities.

Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

Exhibits FM-V
Personnel, Employee Benefits and Debt Ratios - FSMS Benchmarks (2018)

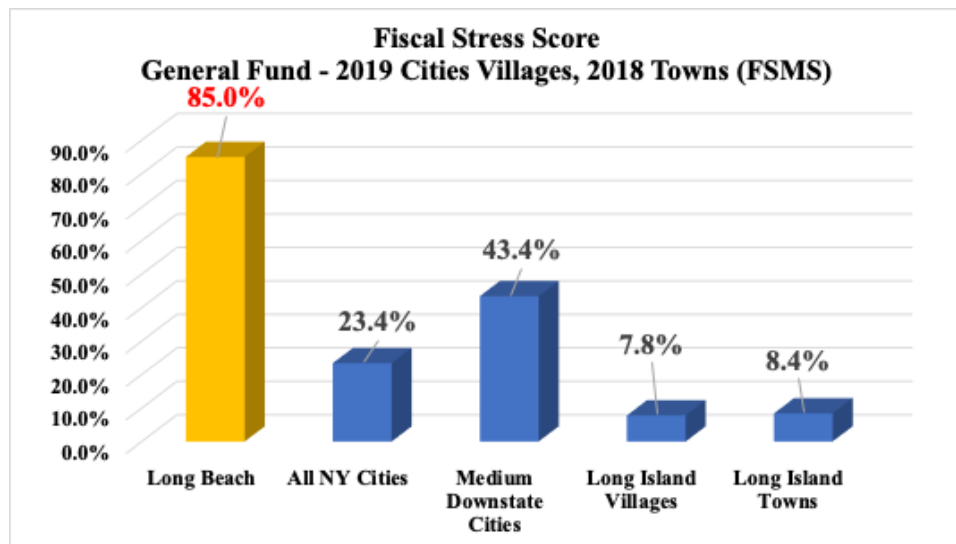




According to the State analysis, statistics involving personnel services, employee benefits, and debt service for the City were comparatively higher than other reporting cities.

Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

Exhibit FM-VI
Overall Fiscal Score FSMS Benchmarks (2018)



Source: Extracted directly from the New York Office of the State Comptroller (Fiscal Stress Monitoring System Search Tool).

Exhibit FM-VII
FSMS Designations By Percentage

FSMS Designations	Percentage Classification
Significant Fiscal Stress	65.0% to 100.0% <- <i>Long Beach (2019 FSMS Score, 85.0%)</i>
Moderate Fiscal Stress	55.0% to 64.9%
Susceptible to Fiscal Stress	45.0% to 54.9%
No Designations	0.0% to 44.9%

Source: The New York Office of the State Comptroller (the Fiscal Stress Monitoring System).

As previously noted, the median score for all reporting NY (State rated) cities was estimated to be approximately 25.4% and 44.4% for large downstate cities. As such, fiscal stress designations would not be considered common. However, the State's Fiscal Monitoring System provided the City with an overall fiscal score of 85.0%, placing it with a designation of "Significant Fiscal Stress." For the previous three years the City's scores were 80.8%, 80.8% and 58.3%, respectively. Over the most recent 4-year period, the City's fiscal conditions have further deteriorated under the FSMS system. Furthermore, of the 35 municipalities designated as fiscally stressed by the State for 2018, 24 were also designated during 2017. Of the 24 who were designated for both 2018 and 2017, 9 jurisdictions were designated as significantly stressed, including the City. See Exhibit FM-VIII for a full list of the 9 jurisdictions designated as significantly stressed for each year of the years 2018 and 2017.

Exhibit FM-VIII
FSMS Designations By Percentage

Municipality	Type of Municipality	County Location
German Flatts	Town	Herkimer
<i>Long Beach</i>	<i>City</i>	<i>Nassau</i>
Nassau	County	Nassau
Niagara Falls	City	Niagara
Oyster Bay	Town	Nassau
Parish	Town	Oswego
Poughkeepsie	City	Dutchess
Suffolk	County	Suffolk
Westchester	County	Westchester

Source: The New York Office of the State Comptroller (the Fiscal Stress Monitoring System – Common Themes for Fiscal Year 2018).

According to information reported by OSC through the FSMS, the City's conditions will require substantial attention.

State Assistance to Fiscally Stressed Entities. Once the FSMS has identified a municipal entity as experiencing financial stress, there are various services provided by the State which can provide varying degrees of assistance. Most (to all) services are provided through the OSC and through regional offices run by the OSC. These forms of assistance include budget reviews, varying

degrees of technical assistance, multi-year planning tools, various State publications, training in key fiscal areas and grants.

The Financial Restructuring Board for Local Governments (the “FRB”) is one such area of interest. During 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The FRB is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities, and is authorized to offer grants and/or loans of up to \$5.0 million through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid. Subsequent to a comprehensive review, the FRB approved a special aid package to the City during 2019. Such funds are presently being utilized to pay the costs associated with the drafting of this Analysis. If appropriate, the City intends to continue to work with the FRB.

City officials are in the process of considering a supplemental (“Phase II”) application to the FRB, to fund various recommendations in this Plan. However, as of the date of this Plan, a formal application for this purpose had not yet been submitted to the FRB. Additionally, there is no guarantee the FRB will award additional funds to the City.

Recommendation – Financial Restructuring Board I:

Continue Work with the Financial Restructuring Board for Local Governments

During June of 2019, the FRB released a Comprehensive Report, inclusive of various finding, relating to the finances and operations of the City. In addition, the FRB made available funds to the City to offset the cost of hiring an external strategic planner. Such funds were utilized in the development of this Plan. It is possible that the FRB could provide additional funds to the City at a future date. The City should continue to work with the FRB to determine if the implementation of recommendations included in this report can be funded by the FRB.

Special Note: As of February 2020, the City continues to participate in communication with the FRB

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ECONOMIC AND DEMOGRAPHIC BENCHMARK ANALYSIS

This section presents various statistics relating to the City's population, income, employment and economic development. For benchmarking purposes, certain information is also being provided for the County and the State. Due to the number of graphs, each table contains only a title.

Population Benchmarks

Population (1970 to 2019 ⁽¹⁾)

Year	City	County	State
1970	33,127	1,428,838	18,241,366
1980	34,073	1,321,582	17,557,288
1990	33,510	1,287,348	17,990,455
2000	35,462	1,334,544	18,976,457
2010	33,275	1,339,532	19,378,102
2019 ⁽¹⁾	33,507	1,356,509	19,572,319

(1) Interim data for 2019.

Source: U.S. Department of Commerce, Bureau of the Census.

Income Benchmarks

Per Capita Income. According to 2019 interim Census data (the American Community Survey-5 Year Estimate), the average per-capita money income for City residents was higher than that of the County and State.

Per Capita Money Income (2019 – Interim Data)

Year	City	County	State
2019	\$53,579	\$51,422	\$39,326

Source: U.S. Department of Commerce, Bureau of the Census.

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Median Income of Families. According to information obtained from the U.S. Census Bureau, the median family income in the City for 2019 was estimated to be \$121,002, which significantly exceeded the State but was slightly less than the County as a whole.

Median Income of Families (2019- Interim Data)

Family Income	City	County	State
Less than \$10,000	1.1%	1.4%	4.0%
\$10,000 to \$14,999	1.0	0.9	2.6
\$15,000 to \$24,999	3.6	2.4	6.2
\$25,000 to \$34,999	6.4	3.1	6.8
\$35,000 to \$49,999	5.7	5.7	9.9
\$50,000 to \$74,999	11.7	10.1	15.3
\$75,000 to \$99,999	11.2	11.2	13.0
\$100,000 to \$149,999	19.7	20.9	18.5
\$150,000 to \$199,999	17.4	16.5	10.1
\$200,000 or More	22.4	27.8	13.6
Median Family Income	\$121,002	\$135,643	\$84,385

(1) Interim data.
Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

Employment Benchmarks

Unemployment Rates. As detailed in the following tables, the City's unemployment rate has historically been lower than that of both the County and the State.

Unemployment Rates (2016 to 2021)

Year	City	County	State
2016	3.6	3.9	4.9
2017	3.7	4.1	4.6
2018	3.3	3.5	4.1
2019	3.1	3.4	3.8
2020	7.7	8.4	10.0
2021 Monthly			
Jan	5.5	6.3	9.4

Source: The New York State Department of Labor, Bureau of Labor Statistics. Such information has not been seasonally adjusted.

Civilian Labor Force. As detailed in the following tables, the City's employed labor force for 2020 was estimated at 19,500, which represents a slight decrease since 2016.

Civilian Labor Force Benchmarks (2016 to 2020)

Jurisdiction	2016	2017	2018	2019	2020
City	19,700	19,700	19,800	19,800	19,500
County	699,800	706,400	706,600	708,100	698,900
State	9,527,000	9,549,000	9,511,200	9,507,100	9,289,200

Source: The New York State Department of Labor, Bureau of Labor Statistics. Such information has not been seasonally adjusted.

Major Employers. Herein follows a summary of major employers located within City limits.

Selected Major Employers in the City

Employer	Business	Estimated Employees
Long Beach City School District	Educational	1,000
City of Long Beach ⁽¹⁾	Municipality	600
Lancer Insurance Company	Insurance	406
Chem RX ⁽²⁾	Pharmacy/Wholesale	360
National Boulevard Assisted Care Facility	Healthcare	300
Long Beach Grandell	Healthcare	250
Beach terrace Care Center	Healthcare	150
Stop and Shop	Supermarket	131

(1) Includes part-time and/or seasonal employees.

(2) Expected to close in the foreseeable future according to City Officials.

Source: City Officials.

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Employment by Industry. Herein follows a summary of employment by industry for the County and the State. Data for the City was not readily available.

2019 Civilian Employed Population - By Industry (16 Years and Over)

Industry	City	County	State
Agriculture, forestry, fishing and hunting, & mining	0.2%	0.2%	0.6%
Construction	6.6	5.7	5.7
Manufacturing	3.2	4.4	6.0
Wholesale trade	3.0	3.3	2.3
Retail trade	9.4	9.7	10.2
Transportation & warehousing, & utilities	4.6	5.6	5.5
Information	3.2	2.9	2.9
Finance & insurance, & real estate & rental & leasing	11.6	10.5	8.0
Professional, scientific, & management, & administrative & waste management services	13.6	12.9	12.0
Educational services, & health care & social assistance	29.2	29.0	27.9
Arts, entertainment, & recreation, & accommodation & food services	7.5	7.0	9.5
Other services, except public administration	3.4	4.2	4.9
Public administration	4.7	4.7	4.6

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

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Housing Benchmarks

Housing Unit Statistics. According to information obtained from the U.S. Census Bureau, the median value of an owner-occupied home in the City for 2019 was estimated to be \$508,800 and the median gross (monthly) rent was \$1,874, which both exceeded the County and State.

Housing Units (2019 ⁽¹⁾)

Jurisdiction	Median Value Owner-Occupied Housing Units	% Owner-Occupied Housing Units	Median Gross Rent
City	\$508,800	50.5%	\$1,874
County	493,500	76.3	1,772
State	313,700	47.6	1,280

(1) Interim data.

Source: U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimate).

REAL PROPERTY TAX BASE ANALYSIS

Exhibit RPT-I shows the trend for the last five years for valuations, State equalization rates, real property tax levies and real property tax rates and collections.

Exhibit RPT-I Five-Year Trend of Real Property Tax Statistics (Fiscal 2015 to 2019)

Fiscal Year	Assessed Valuation	Equalization Rate	Full Valuation
2015	\$203,216,450	4.00%	\$ 5,080,411,250
2016	203,211,212	4.25	4,781,440,282
2017	205,818,171	4.15	4,959,474,000
2018	206,751,598	4.21	5,168,789,950
2019	209,417,015	3.75	5,584,453,733
Total 5-Year Full Valuation			\$25,574,569,215
Average 5-Year Valuation			\$ 5,114,913,843

Source: State Board of Real Property Services and the City of Long Beach Controller's Office.

In each of the three most recent fiscal years, the full valuation of the City has consistently increased. Despite challenging finances and a distressed regional economy, the City has worked hard to improve its tax base and to position itself for future growth.

Recommendation – Tax Base I:

Explore the Advantage of the Designated Opportunity Zone

There are several opportunity zones in Nassau and Suffolk, including areas within City limits. The City should further explore these zones and develop a comprehensive tax base improvement policy. The tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

INDEBTEDNESS ANALYSIS

Supervision of the City's outstanding debt obligations is the responsibility of the Comptroller. However, the City Council authorizes the issuance of any new debt. This is generally completed through the formal adoption of a bond ordinance.

Outstanding Debt. The total (gross) indebtedness of the City as of April 16, 2020 is \$116,144,430 and is comprised of \$72,058,000 of serial bonds and \$44,086,430 of bond anticipation notes. Total exclusions as of January 22, 2020 were \$14,169,400, yielding a total net indebtedness of \$101,975,030.

Exhibit DB-I sets forth the current debt-contracting limitation of the City. Exhibit DB-II provides a more detailed summary of the City's outstanding debt obligations as of April 16, 2020.
399-8709

Exhibit DB-I **Debt Contracting Limit**

Fiscal Year	Assessed Valuation	Equalization Rate ⁽¹⁾	Full Valuation
2016	\$203,211,212	4.25%	\$ 4,781,440,282
2017	205,818,171	4.15	4,959,474,000
2018	206,751,598	4.21	5,168,789,950
2019	209,417,015	3.75	5,584,453,733
2020	209,417,015	3.75	5,979,660,170
Total 5-Year Full Valuation			\$26,473,818,135
Average 5-Year Valuation			\$ 5,294,763,627
Debt Contracting Limit (7% of 5-Year Average)			\$ 370,633,454

(1) As determined by the New York State Office of Real Property and Tax Services.

Source: State Board of Real Property Services and the City of Long Beach Comptroller's Office.

Exhibit DB-II
Debt Contracting Limit
As of April 16, 2020 (Except Where Noted)

	Amount Outstanding
Gross Indebtedness:	
Serial Bonds	\$ 72,058,000
Bond Anticipation Notes	44,086,430
Tax Anticipation Notes	-0-
Total Gross Indebtedness:	\$116,144,430
Excludable Debt:	
Tax Anticipation Notes	\$ -0-
Water Debt ⁽¹⁾	12,142,610
Sewer Debt ⁽¹⁾	2,026,790
Budgetary Appropriations	-0-
Total Debt Exclusions	\$ 14,169,400
Total Net Indebtedness	\$101,975,030

(1) As of January 22, 2020.

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SECTION-III

DEPARTMENTAL SUMMARIES

DEPARTMENT OF THE OCEAN BEACH PARK

DEPARTMENT MISSION

The mission of the Department of the Ocean Beach Park (“OBP”) is as follows:

The mission of the OBP is to ensure comfort and courtesy at the City’s boardwalk and oceanfront for residents and their visitors.

Source: The 2019-20 Budget of the City.

OBP FUNCTIONS AND SERVICES

The OBP is a seasonal department which manages the day-to-day operations of the City’s boardwalk and beaches. The OBP also oversees the City’s Ambassadors program, summer beach concessions, and other boardwalk-related activities.

The general responsibilities of the OBP include, but are not limited to, the following:

- Cash collection related to the beach, seasonal and daily beach pass sales.
- Reconciliation and accounting of beach pass revenues.
- Monitoring of all beach entrances.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

Departmental Supervision. In accordance to the City Charter, the OBP, together with the facilities and employees engaged in the operation of the park shall be under the supervision of the City Council. In its discretion, the Council may create the office of a manager of the park and such subordinate positions as may, in its opinion, be necessary to properly operate the facilities of the park.

Organizational Structure and Workforce. The workforce of the OBP is both seasonal and fully comprised of part-time employees. The OBP includes a Director, who is assisted by a Manager, approximately 18 supervisors and 45 cashiers.

OBP STRENGTHS AND OPPORTUNITIES

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the OBP.

- *Accounting for Beach Passes.* Based on interviews with key OBP employees, seasonal and daily beach passes appear to be well accounted for and safeguarded. Future improvements are expected

OBP WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within OBP.

- *Workforce Composition:* As noted above, the OBP is seasonal and staffed only by part-time employees. Can we expand on this? Why is it considered a weakness?
- *Antiquated Time and Attendance System:* Like several other City Departments, the OBP utilizes an antiquated system to track time and attendance. The City's present system is considered to be inefficient and increases the probability of employee abuse. As noted, this issue is prevalent City-wide and not specific only to the OBP. Nevertheless, given the makeup of the OBP's workforce (comprised only of part-time, seasonal employees), it makes sense to mention here.
- *Risk of Theft – Antiquated Cash Management Process Due to Minimal WiFi:* The OBP is responsible for the collection of daily beach pass funds. As result of limited access to WiFi on the beach, employees typically collect, record and track cash payments by hand. These cash payments can be in the range of several thousand dollars a day. Although the Management of the OBP has instituted various procedures to monitor employees, cash collections are handled by a variety of individuals. The City and the OBP would benefit from the centralization of cash management controls that include the use of technology. The current system is fragmented and leaves the City at risk for theft, fraud and error.

OBP FINANCES

General Expenditures. The operations of OBP are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the OBP, on average, has accounted for 0.76% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit OBP-II highlights the (unaudited) annual expenditure pattern of the OBP for the fiscal years ended June 30, 2014 through 2018.

Exhibit OBP-II
OBP and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	OBP Expenditures ⁽²⁾	% OBP Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$675,339	0.91%
2015 (Unaudited)	74,923,356	504,631	0.67
2016 (Unaudited)	76,927,053	535,056	0.70
2017 (Unaudited)	78,485,627	617,398	0.79
2018 (Unaudited)	80,372,640	599,397	0.75

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

OBP Revenues. The OBP managed the collection of revenue related to the sale of beach seasonal and daily passes, which can reach several thousand dollars a day.

OBP RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the OBP. Below is a list of the primary findings and recommendations:

Recommendation – Ocean Beach Park I

Investigate Methods to Accept Credit Card Payments at All Beach Access Points

The cash collection process of the OBP is hindered by a lack of available WiFi on the beach. As result, OBP employees generally collect payments for daily beach passes in the form of cash. Although the OBP has implemented various procedures to safeguard the cash, the current system is fragmented and leaves the City at risk for theft, fraud and error. Aside from relying on WiFi for credit card payments, the City should investigate other options that would allow for credit card payments.

Recommendation – Ocean Beach Park II

Improve Cash Management Procedures

As noted throughout this Analysis, the City should draft and formally adopt a series of written fiscal policies and procedures, including one for cash management. Given the collection of cash payments handled by the OBP, together with the City Comptroller, they should participate in this formation of a cash management policy.

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DEPARTMENT OF BUILDING

DEPARTMENT MISSION

The mission of the Building Department (“BD”) is as follows:

The BD works to facilitate permitting process for homeowners and businesses, to build and maintain resilient and sustainable buildings that are in compliance with state law and the City’s Building Code of Ordinances in an efficient, safe manner.

The BD staff sees themselves as an integral part of the City’s effort to rebuild stronger, smarter, and safer after Superstorm Sandy, as many homeowners rely on the City’s speedy permitting process to obtain reconstruction reimbursements through the state’s New York Rising program.

Source: The 2019-20 Budget of the City.

BD FUNCTIONS AND SERVICES

The BD administers and has enforcement powers relative to regulations pertaining to the use of property and the construction of buildings in accordance with the City Code of Ordinances and the Zoning Board of Appeals’ recommendation. The general responsibilities of the BD include, but are not limited to, the following:

- Issuance of Building Permits for Construction and Building Projects and Certificates of Occupancy
- Enforcement and Inspection of:
 - Building Permits
 - Certificates of Occupancy
 - Zoning, Electrical, Plumbing and Sanitation Codes
- Property and Building Complaint Intake and Processing
- Investigation Code Violations Complaints

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the BD is comprised of the Building Commissioner, a Zoning Inspector (who acts as the Deputy Building Inspector), 2 Code Enforcement Officers, 1 Fire Inspector, 2 fulltime administrative staff members, 1 (part-time) Plumbing Inspector, 1 fulltime Legal Stenographer and a (part-time) clerical assistant.

Although small in size, the BD appears to be well run and strategic in their decision making. In addition, BD management indicated that morale amongst its workforce as being generally positive.

BD Staffing Trends. Exhibit BD-I shows a trend of fulltime and part-time BD staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit BD-I
BD Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	BD Fulltime Employees	BD Part-Time Employees
2015	4	4
2016	3	4
2017	5	2
2018	5	1
2019	4	1
2020 ⁽¹⁾	4	1

(1) As of December 2019.

Source: City Officials.

BD Staffing Concerns. Although the BD workforce was found to be proficient, like several other City departments, it lacks a formalized succession plan. Although only the Commissioner is believed to be eligible for retirement, a loss of this individual would be highly detrimental to the BD's ability to function as it does today.

BD STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the BD.

- *Permit Turnaround Time.* Subsequent to Superstorm Sandy many of the building departments processes were streamlined in order to better manage the influx of permit and related departmental activities.
- *Management.* The BD appears to be well organized and well managed.
- *New York Rising Community Reconstruction Program.* See "New York Rising Community Reconstruction Program" in this section. Under this program there is a \$500,000 reimbursement which has been appropriated to the City but has yet to be collected.
- *Update City Zoning Plan.* Given the overlap with economic development, the following strength and recommendation is also included under "Department of Economic Development." State laws provide municipal jurisdictions with the authority to craft and revise a zoning plan. The plan forms the general structure for zoning matters. Although not

required, the Office of the State Comptroller encourages zoning planning. The City has not evaluated its zoning in several years. Of note, a Comprehensive Plan will first need to be formally adopted by the City (see “BD Weaknesses and Threats,” below).

BD WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within BD.

- *Leveling-Off of Departmental Revenue.* As previously noted, subsequent to Superstorm Sandy the BD experienced a significant influx of permit activity. As result, for several years departmental revenues were inflated well above normal levels. However, in recent years this trend has reversed, and revenues are now beginning to return to normal levels. Budgetary projections for this source should be kept conservative in future years.
- *Code Enforcement.* Management has indicated enforcement efforts as being somewhat deficient. They attribute this to the overall size of workforce and believe additional staff would be required to improve efforts. Although increasing staff levels may assist in generating future revenues, the related cost of salaries and benefits may not be enough to support this action. Additional analysis would need to be completed.
- *Succession Planning.* BD, like several other City departments, lacks a succession plan to fill lost and retired positions.

NEW YORK RISING COMMUNITY RECONSTRUCTION PROGRAM

The NY Rising Community Reconstruction Program (“NYRCR”) is a participatory recovery and resiliency initiative which was established by the State in order to provide assistance to over 100 jurisdictions who were severely damaged by Superstorm Sandy, Hurricane Irene and Tropical Storm Lee. Through the program, federal funds were allocated to foster the planning and implementation of community-developed recovery and resiliency projects.

Of the 100 eligible jurisdictions, 22 are located on Long Island, including the City. According to the State, as of May 2019 there are 98 NY Rising projects in various stages of implementation within the Long Island Region, including 68 in Nassau County and 29 in Suffolk County. Examples of the types of projects in implementation include construction of drainage infrastructure improvements to reduce flooding, construction of new, and upgrades to, existing storm shelters, reconstruction of bridges, parkland improvements, and the addition of solar power backup to streetlights.

Under the NYRCR there is a \$500,000 reimbursement which has been appropriated to the City but has yet to be collected.

BD FINANCES

General Expenditures. The operations of BD are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the BD, on average, has accounted for 0.72% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit BD-II highlights the (unaudited) annual expenditure pattern of the BD for the fiscal years ended June 30, 2014 through 2018.

Exhibit BD-II
BD and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	BD Expenditures ⁽²⁾	% BD Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$538,110	0.73%
2015 (Unaudited)	74,923,356	611,635	0.82
2016 (Unaudited)	76,927,053	536,108	0.70
2017 (Unaudited)	78,485,627	518,755	0.66
2018 (Unaudited)	80,372,640	559,176	0.70

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

BD Revenues. Most BD revenue is generated by permit activities.

Revenue Volatility. Although the trend of annual revenues appears to be volatile, it is the result of an influx of BD activity due to the impacts of Superstorm Sandy. Annual revenues are now beginning to return to normal average levels.

BD RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the BD. Below is a list of the primary findings and recommendations:

Recommendation – BD I

Collect New York Rising Community Reconstruction Program Revenue

Management of the BD has indicated under the New York Rising Community Reconstruction Program there is a \$500,000 reimbursement which is appropriated to the City. Despite efforts in recent years the City has been unable to collect these funds. Nevertheless, the BD should continue efforts to collect these funds. If necessary, they should reach out to their local State representatives for assistance.

Recommendation – BD II

Develop a Zoning Plan and Tax Base Improvement Policy

As noted above, the State Comptroller encourages zoning planning and the City has not evaluated its zoning in several years. Since land use needs will undoubtedly vary from entity to entity, several freedoms are afforded by the State so that a plan may be unique to a jurisdictions specific needs. External professionals are often employed to assist with the development of such a plan. In addition, public participation and comment ensures that residents both understand the need for a plan and that their requests can be incorporated. After the formal adoption of a Comprehensive Plan the City should develop a plan to update its zoning, which is currently antiquated.

In addition, the City should develop and adopt a local tax base improvement policy. Tax base attrition is not an uncommon concern to municipal entities. This matter, however, can be addressed through the creation of a strong community and economic development strategy. In order to expand the tax base, the tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

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DEPARTMENT OF THE CENTRAL GARAGE

DEPARTMENT MISSION

The mission of the Department of Central Garage is as follows:

Central Garage. The Central Garage (“CG”) services all City vehicles and carries out necessary mechanical and automotive repairs throughout the year.

In addition, the CG is responsible for the oversight of the Transportation Department. The mission of the Transportation Department is as follows:

Transportation Department. The Transportation Department is committed to continuous improvement in transporting the City’s citizens, commuters, and visitors; professional and innovative delivery of services; efficient use of technology; enhancing safety for all modes of travel; and maintaining a well-trained and diverse team of employees.

Source: The 2017-18 Budget of the City.

CG FUNCTIONS, SERVICES AND DIVISIONS

The effective management of vehicles is crucial to the fiscal health of the City. It is the responsibility of the CG to maintain and repair this fleet. In general, the City’s fleet is rapidly aging and has required a significant amount of attention and resources. The CG carries out necessary mechanical and automotive repairs throughout the year. The general responsibilities of the CG include, but are not limited to, the following:

- Administration and coordination of the City’s fleet, vehicle related equipment and various pieces of (motorized) machinery
- Fuel dispensing and maintaining an adequate supply of fuel
- Performance of routine preventative maintenance
- Monitoring in-house and external vehicle repairs
- Upfitting of new vehicles and equipment and installation of add-on equipment for existing fleet vehicles

As noted, the CG is also responsible for the oversight of the Transportation Department. The general responsibilities of the CG include, but are not limited to, the following:

The Transportation Department is responsible for all bus services within the City and Point Lookout. They are responsible for determining recommended rates and schedules and routes of

City buses, paratransit buses and trolleys. Rates must be approved by the City Council, and the City Code must be amended by an Ordinance. In addition, Transportation ensures that City buses remain in compliance with regulations of the Americans with Disabilities Act.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

CG. The workforce of the CG is comprised of a fulltime staff of 8 employees, including the Director of Fleet Management, and 3 part-time individuals. The CG has 6 fulltime mechanics, 3 of which have been trained to work on heavy equipment. Of the 3 part-time employees, 2 assist the CG which respect to their clerical responsibilities.

Transportation. The workforce of the Transportation Department is comprised of a Director of Transportation and 16 fulltime employees and 11 part-time employees.

Department Head. The operations of the CG and the Transportation Department are supervised by the Director of Fleet Management. The Director of Fleet Management is a tested Civil Service position and is a member of the CSEA.

Staffing Trends. Exhibits CG-I and CG-II provides a trend analysis of fulltime and part-time employees of the CG and Transportation Department for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2020.

Exhibit CG-I
CG Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	CG Fulltime Employees	CG Part-Time Employees
2015	8	1
2016	9	2
2017	8	2
2018	8	2
2019	9	1
2020 ⁽¹⁾	9	1

(1) As of December 2019.

Source: City Officials.

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General Staffing Concerns. During focused interviews with key CG officials' various concerns were discussed relating to the workforce. After a retirement incentive was offered several well-qualified mechanics separated from the City. As result, a significant amount of institutional knowledge and experience was lost. Management identified 3 primary obstacles which resulted from these separations:

- Although the current workforce remains proficient, inhouse training in the CG is lacking and in need of improvement. Given the scope of work performed by the CG workforce, enhancing training would greatly improve the efficiency of the CG and also reduce the risk of on the job injury.
- There are presently deficiencies relating to the bench strength of the CG. In particular, administrative functions are believed to be negatively impacted by the shortage of fulltime clerical staff.
- Although CMA has not completed an in-depth benchmark analysis of the CG's pay structure, management at the CG believes the structure to be below that of "market rate." As result, the recruitment of qualified candidates has been identified as problematic by CG management.

CG STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the CG.

- *Senior Management.* Commencing in April of 2019, a new senior management team took office in the CG. The team appears to be proactively seeking methods to improve upon deficient areas of the CG's operations.
- *Low Overtime.* Unlike various other City departments, the CG is not burdened by the excessive use of overtime.

CG WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within CG.

- *Decentralized Vehicle Procurement.* Management expressed concern with respect to the lack of coordination and standardization of the vehicle procurement process. As result, the City fleet severely lacks uniformity which hinders the CG.
- *Lack of Vehicle Related Policies and Procedures.* There exists a lack of formalized policies and procedures to govern the repair, maintenance and usage of the City's fleet and its fuel program. The lack of formalized policies and procedures may lead to:

- Inadequate maintenance and service of vehicles
 - Higher probability of vehicular malfunctions and breakdowns
 - Increased repair costs
 - Inefficient usage of fuel
- *Disjointed Departmental Communication.* There is no effective way for departments to communicate with the CG in a timely fashion. According to management, there is 1 phone located in the garage and email is essentially nonexistent.
- *Antiquated Manual Processes and Lack of Technology.* Several core fiscal operations of the CG require manual support by antiquated and labor-intensive techniques. This approach is time consuming and leads to the excessive build-up of tasks. Technology constraints represent a significant threat to the CG's future growth and could impact the stability of the City's finances. Of note, management has indicated a computer was recently purchased with the intention of implementing a fleet management software program. Nevertheless, appropriately training key staff members in the usage of the program will be necessary.

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REGISTERED CITY VEHICLES AND EQUIPMENT

As summarized in Exhibit CG-III, as of October 17, 2019, the City's fleet consisted of 271 registered vehicles or pieces of equipment.

Exhibit CG-III **Inventory of City Registered Vehicles and Equipment**

City Department or Division ⁽¹⁾	Number of Registered Vehicles/ Equipment ⁽¹⁾
Administrative Services	1
Beach Maintenance	27
Building	5
Bus Transportation	16
City Clerk	1
Fire Department	29
Garage	9
Highway	32
Inside Sewer	4
Lifeguards	19
OEM	2
Outside Sewer	19
Police	51
Police Aux	9
Public Works	6
Recreation	18
Recycling	4
Sanitation	17
Tax	1
Water / Sewer Administration	1
TOTAL	271

(1) As of October 17, 2019.

Source: City Officials.

Fleet Concerns. Several vehicles remain in operation even though they have exceeded their life expectancy. As such, CG staff has not been able to keep up with the current demand of the aged fleet and several vehicles remain out of operation. This has a multitude of fiscal impacts on the City. Foremost, the workload placed on the CG makes preventative maintenance nearly impossible. Thus, vehicles ultimately require more frequent and more costly repairs. In addition, when vehicles are out of commission, the City must seek out alternatives for the functions performed by that vehicle. This could mean the reorganization of City-owned operational vehicles, the renting of vehicles, or even providing a reimbursement to City staff when a personal vehicle is

used. In any case, the alternatives often result in avoidable expenses, risks, and can quickly impact the City's ability to efficiency deliver services.

According to CG management, the average downtime of a typical City vehicle is estimated to be approximately 2 days.

CG FINANCES

General Expenditures. The operations of CG are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the CG, on average, has accounted for 2.28% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit CG-II highlights the (unaudited) annual expenditure pattern of the CG for the fiscal years ended June 30, 2014 through 2018.

Exhibit CG-II
DP and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	CG Expenditures ⁽²⁾	% CG Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$2,003,823	2.70%
2015 (Unaudited)	74,923,356	1,818,555	2.43
2016 (Unaudited)	76,927,053	1,644,843	2.14
2017 (Unaudited)	78,485,627	1,614,654	2.06
2018 (Unaudited)	80,372,640	1,677,204	2.09

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

CG Revenues. Excluding Transportation fees, which are not being included, the CG is not a revenue producing department.

CG RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the CG. Below is a list of the primary findings and recommendations:

Recommendation – Central Garage I:
Leadership Training.

Initiating leadership and mentoring training would be constructive for the CG. An effective leadership program will assist in the CG's ability to attract and retain qualified employees, to shape its culture, improve upon efficiency levels and provide accountability.

Recommendation – Central Garage II:

Develop Formal Written Policies and Best Practices Relating to the Maintenance and Repair of City Owned Vehicles and the Usage of Fuel.

In connection with the City Manager, the CG should develop a series of formal, written policies and best practices relating to the maintenance and repair of City owned vehicles. The implementation of such policies would enhance the City's control over its fleet and ensure that preventive maintenance would assist in circumventing costly repairs. In addition, a policy related to the acceptable usage of fuel should be also be considered.

Recommendation – Central Garage III:

Conduct Annual Technology Assessments

Access to inventory, records, and vehicle condition data will be a valuable management tool and enhance efficiency levels in the CG. Increasing efficiency levels will have an immediate impact on the finances of the City since the data will assist management in its ability to make informed decisions relating to the purchase of extended warranties and the repair or replacement of certain vehicles. The CG should annually evaluate its technology to determine its adequacy in recording, monitoring, and reporting on vehicle related assets.

Special Note: As of February 2020, City management has indicated this assessment is presently in process.

Recommendation – Central Garage IV:

Conduct Cost Benefit Analysis of Replacing the Central Garage Facility

The current garage structure was identified as being obsolete. In addition, according to management, given the age of the structure a full renovation would not be cost effective. Nevertheless, a private company has expressed interest in purchasing the property. The proceeds of a sale could be utilized by the City to reduce costs associated with constructing a new facility. In conjunction with the Departments of the City Manager and Comptroller, the CG should conduct a feasibility analysis to determine the cost and benefit of constructing a new facility.

The City should consider the issuance of a property sale RFP in order to determine an accurate market rate for the garage facility

DEPARTMENT OF THE CITY MANAGER

DEPARTMENT MISSION

The mission of the Department of the City Manager (“CM”) is as follows:

The CM supervises, coordinates, and delivers municipal services to City residents in a fiscally responsible, efficient, responsive, and friendly manner as prescribed by the City Council.

Protecting the safety of residents and the barrier island is the number one priority of the CM’s Office, including the creation of a healthy atmosphere in which City residents can live and raise families.

Source: The 2019-20 Budget of the City.

CM FUNCTIONS AND SERVICES

The CM leads, supervises, and supports all City departments. The general responsibilities of the CM include, but are not limited to, the following:

- Systematically enhance and safeguard the well-being of City residents, business owners, and visitors through responsive and effective governance.
- Ensure public resources are protected.
- Promote transparent governmental operations and foster positive and constructive communication with the public.
- Act as the voice of the City and regularly facilitate communication with newspaper, television, and radio reporters.
- Implement and supervise the City’s STAT Performance Management Program.
- Manage the annual operating budget and oversee financial reporting.
- Communicate the financial and administrative activities of the City to the Council.

DEPARTMENT HEAD

The City Manager. In accordance with the Charter, the City Manager (the “Manager”) is appointed by and acts at the pleasure of the Council as determined by contract. The Manager acts as the Chief Executive Officer of the City and in the general capacity of a Mayor. The Manager has the duty to see that the laws of the State and local laws, ordinances passed by the Council are faithfully executed within City limits. The Manager supervises the conduct of all City officers,

departments, boards and commissions, and has the power and authority to examine at all times the books, vouchers and papers of any officer or employee of the City. Although the Manager has the right to attend all Council meetings and speak on applicable questions coming before the council, the Manager is not a voting member of the Council. In addition, the Manager has no veto power over Council acts and has no other legislative powers or duties.

Current City Manager. During 2020, the Council unanimously voted to appoint Donna M. Gayden as the City's City Manager. Ms. Gayden, from Fairburn, GA, assumed the post immediately, less than sixty days after a new City Council took control of the City on January 1, 2020 and is both the first female and African American to hold the position of City Manager. Ms. Gayden possesses more than twenty-five years of financial and operational management, of which the last ten have been spent assisting fiscally distressed municipalities overcome significant challenges. Most recently, Ms. Gayden served as the Interim Finance Director for the cities of Country Club Hills and Bradley, both in Illinois. Prior to that, she served as the City/Village Manager for Fairburn, GA and Hazel Crest, IL and as Village Administrator for Glenwood, IL. From 2006-2010, Ms. Gayden was the Comptroller and VP of Finance for the Cook County, IL Community and Economic Development Association (CEDA), the nation's largest Community Action Agency, where she oversaw CEDA's annual budget of \$225 million.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

CM Staffing Trends. Exhibit CM-I shows a trend of fulltime and part-time CM staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit CM-I
CM Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	CM Fulltime Employees
2015	4
2016	4
2017	4
2018	1
2019	1
2020 ⁽¹⁾	2

(1) As of December 2019.

Source: City Officials.

CM STRENGTHS AND OPPORTUNITIES

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the CM.

- *Managerial Control.* According to the City Charter, the Manager acts as the Chief Executive Officer of the City. As such, the Manager essentially has full authority over the actions of all City departments.

As of the date of this Analysis, the City Manager has significant experience both working with and transforming fiscally distressed municipal jurisdictions.

CM WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within CM.

- *Recruitment and Retention Obstacles:* The rate of turnover of the Manager has been excessive in recent years. This results in institutional knowledge gaps and a lack of operational constancy.

CM TECHNOLOGY EFFICIENCIES

As noted in this Analysis, the City's Information Technology Department ("IT"), despite being small in size, was found to be well qualified and efficient. By focusing on the implementation of technology, the operational workflow of the City can be greatly influenced; budgets are more easily monitored and potential fiscal risks can be quickly identified. For these reasons, the CM should lead efforts along with the City Comptroller and IT Department to investigate potential technology solutions (see "CM Recommendation," herein).

CM FINANCES

General Expenditures. The operations of CM are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the CM, on average, has accounted for 0.19% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit CM-II highlights the (unaudited) annual expenditure pattern of the CM for the fiscal years ended June 30, 2014 through 2018.

Exhibit CM-II
CM and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	CM Expenditures ⁽²⁾	% CM Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$283,652	0.38%
2015 (Unaudited)	74,923,356	291,250	0.39
2016 (Unaudited)	76,927,053	328,423	0.43
2017 (Unaudited)	78,485,627	343,209	0.44
2018 (Unaudited)	80,372,640	175,134	0.22

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

CM Revenues. The CM is not a direct revenue producing department.

CM RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the CM. Below is a list of the primary findings and recommendations:

Recommendation – City Manager I:

Creation and Oversight of Council Member Departmental Liaisons

The City would benefit from greater levels of transparency and communication between its departments and the Council. As such, the City should consider the establishment of Council Member Departmental Liaisons. Given the structure of the CM, it would be appropriate for the CM to oversee this formation.

Recommendation – City Manager II:

Investigate Changing the June 30th Fiscal Year End

The fiscal year of the City ends on June 30th of each calendar year. Since most cities in the State of New York have December 31st fiscal year ends, June 30th represents a rare date. Unfortunately, the June 30th date falls in the middle of the beach season, which is a key revenue source to the City. Changing the fiscal year end would require State legislation, but would allow City officials to better focus its efforts. In conjunction with Corporation Counsel, the CM should further investigate changing the June 30th fiscal year end.

Recommendation – City Manager III:

Investigate Open Format Budgetary Options

Despite being small in size, the City's Information Technology Department ("IT") was found to be efficient and well qualified. By focusing on the implementation of technology, the operational workflow of the City can be greatly influenced, budgets more easily monitored and potential fiscal risks can be quickly identified. For these reasons, the CM should work closely with the City Comptroller and IT to investigate (cloud-based) technology cloud-based software/solutions to enhance budgeting, reporting, communications, performance, and accountability.

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OFFICE OF THE CLERK

DEPARTMENT MISSION

The mission of the Office of the Clerk (“OC”) is as follows:

The mission of the OC is to facilitate the Council’s official meetings; to manage and preserve the official records of the City including minutes, ordinances, resolutions, contracts and vital documents; to assist the public and the City’s various departments in accessing public documents and information as well as vital records; to license businesses and other entities that are governed by the City ordinance; and to provide these services in a manner of high quality, efficiency, and fairness with an emphasis on friendly and courteous resident service.

Source: The 2019-20 Budget of the City.

OC FUNCTIONS AND SERVICES

The general responsibilities of the OC include, but are not limited to, the following:

- Maintenance and retention of all City resolutions, ordinances, local laws, Council meeting minutes and official documents.
- Issuance of various City licenses, including, marriage licenses, dog licenses, mercantile licenses, taxi driver licenses and game of chance licenses.
- Promote transparent governmental operations and foster positive and constructive communication with the public.
- Administer of parking permits for residential municipal parking lots as well as the Long Island Railroad Commuter parking lot.
- Issue garage sale permits.

DEPARTMENT HEAD

The City Clerk. In accordance with the Charter, the City Clerk (the “Clerk”) is appointed by the City Manager with the concurrence of the Council. The Clerk retains charge, custody and control of the corporate seal, books, papers and documents of the City. In addition, the Clerk is provided the authority to administer oaths and have such other powers as are vested in the recorder of a City by the general statutes of the State of New York.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the OC is comprised of a fulltime staff of 4 employees, including the Clerk.

OC Staffing Trends. Exhibit OC-I shows a trend of fulltime OC staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit OC-I
OC Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	OC Fulltime Employees
2015	4
2016	4
2017	4
2018	4
2019	4
2020 ⁽¹⁾	4

(1) As of December 2019.

Source: City Officials.

OC STRENGTHS AND OPPORTUNITIES

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the OC.

- *Peer Communication.* The staff of OC actively communicates and collaborates with other peer jurisdictions.
- *Management.* The OC appears to be well organized and well managed.

OC WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within OC.

- *Succession Planning.* OC, like several other City departments, lacks a succession plan to fill lost and retired positions.

OC FINANCES

General Expenditures. The operations of OC are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the OC, on average, has accounted for 0.40% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit OC-II highlights the (unaudited) annual expenditure pattern of the OC for the fiscal years ended June 30, 2014 through 2018.

Exhibit OC-II
OC and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	OC Expenditures ⁽²⁾	% OC Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$249,218	0.34%
2015 (Unaudited)	74,923,356	313,732	0.42
2016 (Unaudited)	76,927,053	315,781	0.41
2017 (Unaudited)	78,485,627	369,908	0.47
2018 (Unaudited)	80,372,640	311,046	0.39

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

OC Revenues. The OC produces departmental revenues through the issuance of various licenses and permits. Such revenues typically represent about one third of the expenditures incurred by the OC.

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DEPARTMENT OF THE CITY COMPTROLLER

DEPARTMENT MISSION

The mission of the Department of the Comptroller (“DC”) is as follows:

The DC’s goal is to provide the City Council and City Manager with sound fiscal advice, to ensure financial transactions are properly supported and recorded, and to safeguard the financial assets of the City, while ensuring the City’s various departments work within their respective budgets.

Source: The 2019-20 Budget of the City.

DC FUNCTIONS AND SERVICES

Excluding the assessment of real property and as otherwise expressed in the charter, the DC manages the fiscal affairs of the City. The Department is headed by the City Comptroller who is appointed by and serves at the pleasure of the City Manager, with the concurrence of the Council. The City Comptroller is the Chief Fiscal Officer (“CFO”) of the City. The CFO’s powers, duties and responsibilities are wide-ranging. Although the City Manager acts as the Budget Officer, the CFO and the DC assist in the preparation of the City’s annual operating budget.

Primary tasks imparted to the CFO and the DC include, but are not limited to:

- Assemble expenses and capital estimates as it relates to the budget (for the City Manager and Council).
- Supervise all monetary disbursements, inclusive of payroll, purchases and accounts payable, to ensure compliance with budgetary appropriations.
- Maintain a general accounting system for the City, including its officers, departments and agencies.
- Oversee revenue collections and receipts.
- With the assistance of an External Independent Auditor, prepare completed annual financial statements and reports.
- Comply with all State and Federal reporting requirements.
- Safeguard all public funds belonging to or under the control of the City and deposit all funds in such depositories as designated by the Council.
- As approved by resolution of the Council, arrange for the issuance, payment and related compliance of debt obligations.

- Supervision of City deposits and investments to ensure compliance with State, Federal and locally approved regulations.

DC ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the DC consists of 8 fulltime employees, including the CFO. Despite limited staff, the responsibilities carried out by the DC are both complex and directly connected to the City's fiscal health.

DC Staffing Trends. Exhibit DC-I shows a trend of fulltime and part-time DC staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit DC-I
DC Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	DC Fulltime Employees	DC Part-Time Employees
2015	6	1
2016	7	0
2017	10	1
2018	7	1
2019	7	0
2020 ⁽¹⁾	8	0

(1) As of December 2019.

Source: City Officials.

DC Staffing Concerns. The DC is primarily staffed by Clerks and lacks certified accounting personnel. Given the size of the annual operating budget and complexity of City's fiscal operations, this represents a material deficiency. The City has struggled to fill key management roles in recent years, including the Comptrollers position which remained vacant from the Summer 2017 to the Summer of 2019. A failure to adequately address the staffing and talent pool of the DC will leave the general operations of the City exposed to a variety of risks. In other words, there presently exists a significant need for one or multiple professionally trained, certified accountants.

Special Note: Subsequent to the as of date of this analysis, on March 1, 2021, a Deputy Comptroller was hired by the City who possesses a CPA.

Like other departments, the DC also lacks a formal succession plan which represents further risk.

DC STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within DC.

- *Adequate Accounting Software, Scheduled Training.* DC management indicated the accounting software being utilized by the department is suitable for the tasks being undertaken by the Department. However, several modules / functions of the software are currently not being utilized; DC management is in the process of planning activation of these modules / functions. Further staff training, and consulting fees on implementation will be necessary to successfully implement.
- *Management.* The DC is well organized, supervised and would continue to benefit from a focus on cross training employees. (see “DC Weaknesses and Threats,” below).
- *Employee Morale.* DC management indicated employee morale as relatively high within the Department.

DC WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within the DC.

Although the existing staff is talented, the DC staff lacks certified accounting professionals, who would be able to critically analyze key financial functions of all City departments and participate in resolving complex accounting, reporting and finance related matters. There appears to be a significant need for a staff who can contribute with respect to compliance, internal controls assessment, systems optimization, risk management, internal auditing and various other forms of advanced and detailed fiscal analysis.

- *Employee Staffing Levels.* Although the existing staff is talented, the DC lacks certified accounting professionals. As result, employees focus on only specific tasks and are not equipped to critically review key financial functions of City departments. According to management, there are five staff in accounting other than payroll, all with clerical titles. As such, there appears to be a need for staff who can contribute with respect to compliance, risk management, internal auditing and various other forms of detailed, critical, fiscal analysis. The DC and the City would benefit from the addition of one or multiple certified accountants.
- *Decentralized Cash Management.* Cash management across City departments has been identified as being decentralized.
- *Succession Planning.* The DC lacks a succession plan to fill lost and retired positions.

- *Lack of Policies and Procedures.* DC management indicated the Department lacks formalized departmental policies and procedures. Grants and Travel policies were recently drafted and are anticipated to be presented to City Council in or around January of 2020.
- *Inefficient Internal Controls Relating to Grant Management.* Like cash management, internal controls relating to Federal, State and Local grants is significantly decentralized. As noted under the section entitled “Department of Economic Development,” grants within the City should be centralized.

UPCOMING DC INITIATIVES

The CFO identified the following projects as in the works or being considered by the DC:

- Further development and implementation of finance related policies and procedures;
- Implementation of electronic Procurement utilizing Munis;
- Implementation of electronic time management utilizing Munis;
- Activation and utilization of several Munis functions not currently used: Projects Management, grants, capital assets;
- Excel training for all DC staff;
- Review of current processes that involve transactions recorded in Munis based on information maintained by other software, developing reconciliation processes to ensure that all systems are synchronized, reconciled;
- Review control environment over revenue generating departments, verify that control procedures are in place to provide for appropriate management of revenue proceeds from various departments. Where necessary, design and implement mitigating controls.

DC FINANCES

General Expenditures. The operations of DC are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the DC, on average, has accounted for 0.88% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

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Exhibit DC-II highlights the (unaudited) annual expenditure pattern of the DC for the fiscal years ended June 30, 2014 through 2018.

Exhibit DC-II
DC and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	DC Expenditures ⁽²⁾	% DC Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$710,238	0.96%
2015 (Unaudited)	74,923,356	612,082	0.82
2016 (Unaudited)	76,927,053	703,800	0.91
2017 (Unaudited)	78,485,627	733,077	0.93
2018 (Unaudited)	80,372,640	612,565	0.76

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Salary Expenditures. Employee salaries represent the largest annual expenditure of the DC. For 2018, salary costs, inclusive of \$10,726 in temporary salaries, accounted for more than 77% of total DC expenditures. The second largest expenditure for 2018 related to the cost of the City's external independent auditor.

DC Revenues. The DC is a non-revenue producing department.

DC RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the DC. Below is a list of the primary findings and recommendations:

Recommendation – Comptroller I:

Pursue Accounting, Software and Internal Controls Training

The City remains highly dependent on financial software for both planning and reporting purposes. As such, technology should be considered an important factor in the establishment of structurally sound fiscal operations. Training key staff members in the functionalities of software is equally critical. During the focused interview DC management indicated software training had been scheduled to occur within the next several weeks. The DC should continually train employees on the functionalities of its financial software.

As a best practice, the Government Finance Officers Association (the “GFOA”) recommends key financial staff members obtain the information and training needed to meaningfully take responsibility for internal control.

Recommendation – Comptroller II:

Increase Qualified Professional Accounting Staff

Although the existing staff is talented, the Department lacks certified accounting professionals. As result, employees are able to focus on only specific tasks and may not be equipped to critically review key financial functions of City departments. Given the size of the annual operating budget and complexity of the City’s fiscal operations, this represents a material deficiency. This suggests a need for a certified staff who can contribute with respect to compliance, risk management, internal auditing and various other forms of detailed, critical, fiscal analysis. The DC, and the City, would benefit from the addition of one or multiple certified accountants.

Recommendation – Comptroller III:

Update or Draft Written Financial Policies and Procedures

The City would benefit from updating existing written financial policies and developing additional policies encompassing areas such as fiscal reserves, budgetary procedures, human resources, travel, accounting controls, debt management, and forms of long-term planning.

Formalizing such policies will add transparency to City operations, which will provide guidance to City employees and present clarity to all stakeholders. Once drafted, the policies should be presented in full form to the Council for consideration and adoption.

Due to the complexity of some of the legal requirements relating to the establishment of certain polices, the DC should consult with the City Manager and Corporation Counsel when drafting / adopting policies.

Of note, CMA understands the City is currently in the process of developing and adopting several fiscal and operational policies. Subsequent to the as of date of this Analysis, the City has adopted the following policies: Capital Asset, Capital Budget, Debt Management, IT Policy, IT Disaster Policy, Revenue Policy, Expenditure Policy and Grant & Financial Award Policy

Recommendation – Comptroller IV:

Centralize Cash Management Processes and Institute Procedures

The GFOA recommends jurisdictions establish a cash management policy that is reviewed on an annual basis. The City would benefit from the centralization of cash management controls. The current system was identified as fragmented and unsatisfactory. Decentralized cash management processes leave the City at risk for theft, fraud and error.

Recommendation – Comptroller V:

Develop Internal Controls Relating to the Management of Grants

Federal, State and Local grant funds represent a significant revenue source for the City and for several of its key departments. As such, it is crucial the City maintains strict adherence to comprehensive internal controls relating to grants. According to GFOA best practices, the internal controls should ensure:

- *Grants are utilized by the City effectively and efficiently;*
- *Assets purchased or developed by grant funds are adequately maintained and safeguarded;*
- *Any financial reporting requirements are completed accurately and in a timely fashion;*
and
- *The utilization of such funds is done so in compliance with any appropriate laws and regulations.*

In conjunction with the City Manager, Corporation Counsel and the Department of Economic Development, the DC should develop internal controls relating to the management of grant funds. As of the date of this Analysis, the City officials have indicated a grant policy and related procedures have been drafted and are in the process of being reviewed.

Special Note: Subsequent to the as of date of this Analysis, on November 17, 2020, the City formally adopted a grant and financial award policy.

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DEPARTMENT OF THE CORPORATION COUNSEL

DEPARTMENT MISSION

The mission of the Department of Corporation Counsel (“CC”) is as follows:

The mission of the CC is to provide effective, efficient, professional, informed, progressive and preventive legal advice and services to the City Manager, Council, City employees, and Boards and Commissions of the City, thereby protecting the rights and interests of the citizens of the City and the City as a municipal corporation.

Source: The 2019-20 Budget of the City.

CC FUNCTIONS AND SERVICES

The general responsibilities of the CC include, but are not limited to, the following:

- Provide sound legal counsel to the Council and all boards, commissions, and officers of the City.
- To prosecute and defend all actions and proceedings by and against the City and every department thereof.
- To prepare all ordinances, resolutions, legal papers, contracts, and other applicable legal instruments for the City.
- To perform such other legal services as the City Manager or the City Council may direct.

DEPARTMENT HEAD

Corporation Counsel. In accordance with the Charter, Corporation Counsel is appointed by and serves at the pleasure of the City Manager with the concurrence of the Council. At the end of an appointed term, if not re-appointed, Corporation Counsel shall deliver to his or her successor in office as soon as qualified, the record or register of all suits or proceedings in which the City or any of its departments may be a party and also all papers on the part of the City therein, and also sign stipulations substituting said successor as attorney for the City to such suits or proceedings, to the end that a substitute order may be entered making such substitution.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the CC is comprised of a fulltime staff of 4 fulltime employees. Each of the employed attorneys focuses on a specialty area of practice.

CC Staffing Trends. Exhibit CC-I shows a trend of fulltime and part-time CC staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit CC-I
CC Employment Trends
Fiscal Years June 30, 2015 to 2020

FY Ending Jun 30:	CC Fulltime Employees	CC Part-Time Employees
2015	5	0
2016	6	0
2017	6	1
2018	6	0
2019	7	1
2020 ⁽¹⁾	6	1

(1) As of December 2019.

Source: City Officials.

CC Staffing Concerns. Although the CC workforce was found to be proficient, its present staffing level, according to CC Management, is at a historically low level, which continues to impact the operations of the Department. In addition, recent turnover key staff members have hindered the efficiency levels of the Department. Additional turnover would be highly detrimental to the CC. Employee retention programs should be further investigated.

Technology Concerns. The present operations of the CC are somewhat antiquated and lack the utilization of simple technology, such as spreadsheets, which would allow staff to document, track and monitor past and ongoing legal actions in a cost-effective manner. Neighboring municipalities have been identified which have used these simple spreadsheets effectively. Considering the importance of being able to translate historical data into useful knowledge and wisdom, the City should hedge against the risk of losing the institutional knowledge of key staff members. Integrating technology should be further investigated.

CC STRENGTHS AND OPPORTUNITIES

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the CC.

- *Vertical Integration.* A vertically integrated structure allows the CC to handle legal cases and claims from start to finish.
- *Specialized Staff.* Each attorney of the CC specializes in a particularly subject matter. As cases and claims come in, they are disseminated to the proper departmental contact based

on subject matter. Management believes these specialties help to ensure that employees justify their worth. Continual cross-training would benefit the CC.

CC WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within CC.

- *Recent Turnover and Lack of Bench Strength:* As noted above, the CC remains significantly reliant upon the institutional knowledge of its employees to effectively function and has been recently impacted by the departure of key staff. Future staffing reductions could impact the CC's ability to provide adequate levels of service to the City.

Given the extensive turnover that has recently affected the CC it will be imperative for City management to ensure they have the correct mixture and number of qualified staff.

- *Recruitment and Retention Obstacles and No Succession Plan:* Employee retention and recruitment of qualified candidates is an obstacle for the CC. Management has indicated that the CC does not have a formalized succession plan in place. Formalized policies and plans would benefit the CC.
- *Low Employee Moral:* As result of recent turnover, employee morale was cited as low.
- *Non-Competitive Pay Structure.* Although CMA has not completed an in-depth benchmark analysis of the CC's pay structure, Management at the CC believes the structure to be below that of "market rate." As result, the recruitment of qualified candidates is problematic for the CC. The Attorney position is exempt and therefore not eligible for overtime.
- *Outside Legal Counsel.* Like other municipal jurisdictions, third party legal counsel is utilized for highly specialized or extremely time intensive legal cases. However, according to CC officials, the CC does not maintain a formalized list of outside vendors that have been approved after a public bid. The City should consider the issuance of a formal RFP in order to develop such a list. Furthermore, the budgeted line item for these services is frequently exceeded. Thus, the budget line should be monitored closely to ensure accuracy in future budgets. In addition, if staffing levels were to decline, the use of outside counsel to defend legal suits currently handled inhouse may be necessary.

CC FINANCES

General Expenditures. The operations of CC are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the CC, on average, has accounted for 1.57% of General Fund expenditures over the fiscal years ended June 30, 2014 through 2018.

Exhibit CC-II highlights the (unaudited) annual expenditure pattern of the CC for the fiscal years ended June 30, 2014 through 2018.

Exhibit CC-II
CC and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	CC Expenditures ⁽²⁾	% CC Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$ 925,164	1.25%
2015 (Unaudited)	74,923,356	1,242,977	1.66
2016 (Unaudited)	76,927,053	1,401,185	1.82
2017 (Unaudited)	78,485,627	1,166,078	1.49
2018 (Unaudited)	80,372,640	1,312,621	1.63

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

CC Revenues. Aside from settlements and claims won, the CC prosecutes City Code violations, Zoning Code violations and vehicles traffic law violations in the City Court, which brings in a annual revenue. Typically, the City Court sends a check each month to the Comptrollers' office reflecting said revenues.

CC RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the CC. Below is a list of the primary findings and recommendations:

Recommendation – Corporation Counsel I

Utilize Cost-Effective Technologies to Enhance Efficiency

Recent turnover of key staff members has hindered the efficiency levels of the CC. Furthermore, the present operations of the CC are antiquated and lack technology that would allow staff to document, track and monitor past and ongoing legal actions. According to CC officials, neighboring municipal jurisdictions have successfully utilized simple cost-effective spreadsheets to accomplish these tasks. The CC should develop and utilize these files.

Recommendation – Corporation Counsel II

Issue a Public Bid to Develop a List of Approved Outside Attorney Firms

Like other municipal jurisdictions, third party legal counsel is utilized for highly specialized or extremely time intensive legal cases. However, according to CC officials, the CC does not maintain

a formalized list of outside vendors that have been approved after a public bid. The City should issue of a formal RFP in order to develop such a list.

Recommendation – Corporation Counsel III

Better and Early Utilization of the CC by City Departments

According to the CC officials, certain legal issues are not promptly brought to the attention of the CC. It is believed that Departments often attempt to handle such matters themselves. The CC should actively reach out to all Departments to advise that any and all legal matters should promptly be brought to the attention of the CC. Early action has the ability to reduce both costs and liabilities.

Recommendation – Corporation Counsel IV

Right Size Staffing Levels

Should staffing levels of the CC decline, the use of outside counsel to defend legal suits currently handled inhouse may be necessary. Although CMA has not conducted a full analysis of outside legal counsel, the additional cost would likely exceed the cost of inhouse attorneys. As such, in conjunction with the City Comptroller and Manager, the CC should monitor its staffing levels to achieve maximum efficiency.

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DEPARTMENT OF ECONOMIC DEVELOPMENT AND PLANNING

DEPARTMENT MISSION

The mission of the Department of Economic Development and Planning (“EDP”) is as follows:

The EDP’s mission is to encourage economic sustainability and growth in the City by supporting local businesses and attracting new ones, creating jobs as well as improving the City’s overall tax base and quality of life through the integration of resiliency into policy and practice. The EDP seeks out funding for the City in support of this mission.

Source: The 2019-20 Budget of the City.

EDP FUNCTIONS AND SERVICES

The EDP is a multi-disciplinary department which facilitates and supports the City’s economic development and planning efforts. EDP is charged with a number of responsibilities, including, but not limited to, the following:

- Economic Development activities
- Varying levels of grant procurement and administration
- Planning activities, including the Comprehensive Plan and Zoning Update (with a focus on resiliency)
- Community collaboration through outreach, education and public meetings
- The Long Beach Local Development Corporation (“LDC”)
- Arts Council oversight and support
- Rental bikes
- U.S. Census Bureau – complete count and the upcoming 2020 Census
- Sponsorship and marketing of the City
- Environmental issues, such as remediating brownfields, protection of the Lloyd Aquifer and implementing complete streets policies

The EDP actively collaborates with other City departments to support their efforts to deliver City services.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the EDP is extremely minimal and was originally funded through a four-year grant which has since expired. Nevertheless, despite EDP’s small workforce, the Department is well run, strategic in their decision making and, if properly delegated, could play an integral role in determining the future fiscal health of the City.

EDP Staffing Trends. Exhibit EDP-I shows a trend of fulltime and part-time EDP staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit EDP-I
EDP Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	EDP Fulltime Employees	EDP Part-Time Employees
2015	2	1
2016	3	0
2017	2	2 ⁽²⁾
2018	1	2 ⁽²⁾
2019	1	2 ⁽²⁾
2020 ⁽¹⁾	1	2 ⁽²⁾

(1) As of December 2019.

(2) One part-time employee is the Director or Development for the Arts Council.

Source: City Officials.

EDP Staffing Concerns. Although the EDP workforce was found to be proficient, its modest size could also be considered risk. There is no succession plan in place and only one individual who actively runs the operations of the Department. A loss of this individual would be highly detrimental to the EDP's ability to function.

EDP STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within EDP.

- *Departmental Communication and Grant Procurement Capabilities.* The staff of the EDP actively communicates and collaborates with other internal City departments with respect to planning activities, business issues and to assist with the procurement and administration of various grants. Pertaining to grant activities, the EDP staff was found to be extremely proficient and knowledgeable. As result, EDP is well positioned to act as a central point for the City's grant activities.
- *Collaboration Through Outreach.* Through various marketing, education and sponsorship efforts the EDP fosters communication between the public and the City Administration. Maintaining public involvement and transparency promotes innovative thinking and encourages the efficient delivery of services.
- *Update City Zoning Code.* State laws provide municipal jurisdictions with the authority to craft and revise a zoning code through a land use plan. The plan forms the general structure

for zoning matters. Although not required, the Office of the State Comptroller encourages planning and zoning. The City has not evaluated its zoning in over 30 years. It is especially critical considering the various impacts of Superstorm Sandy. Of note, a Comprehensive Plan will first need to be formally adopted by the City (see “EDP Weaknesses and Threats,” below).

- *State Agency and Other Municipal Relationships.* The EDP maintains frequent communication with New York Empire State Development, various other State agencies, the County and other municipalities regarding economic development grants and planning issues. These ongoing relationships represent a competitive advantage to the City and should be preserved.
- *Arts Council.* EDP subdivisions that leverages City support with outside funding and volunteers to provide programs and services.

EDP WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within EDP.

- *Succession Planning.* EDP, like many other City departments, lacks a succession plan to fill lost and retired positions.
- *Comprehensive Plan.* The EDP was previously awarded two state grants to update the Comprehensive Plan and Local Waterfront Revitalization Program (“LWRP”) without any cost to the city. These two documents project out both short and long-term goals for the City, focusing on resiliency and economic development, parking, affordable housing and preventing overdevelopment and gentrification. The process included hiring expert consultants, extensive community outreach, and a rigorous review process. Although the EDP completed the final draft plan it was never adopted by the City. There are no remaining grant funds in these awards. A new grant has been secured to resolve Department of State requirements for the LWRP.

UPCOMING INFORMATION EDP STRATEGIES

EDP management identified the following projects as in the works or being considered by the City:

- Comprehensive Plan (LWRP)
- Zoning Code Update
- Various Grant Opportunities, Including State Funds for Infrastructure
- Art Projects through various grants (Bloomberg Asphalt Art Grant, NEA)

- Rental Bicycles
- Use of grant funds for infrastructure improvements on Edwards Blvd. and Park Avenue, as well as County funds for the areas surrounding City Hall and the train station.

EDP FINANCES

General Expenditures. The operations of EDP are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the EDP, on average, has accounted for 0.42% of General Fund expenditures over the fiscal years ended June 30, 2014 through 2018.

Exhibit EDP-II highlights the (unaudited) annual expenditure pattern of the EDP for the fiscal years ended June 30, 2014 through 2018.

Exhibit EDP-II
EDP and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	EDP Expenditures ⁽²⁾	% EDP Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$125,287	0.17%
2015 (Unaudited)	74,923,356	294,442	0.39
2016 (Unaudited)	76,927,053	675,403	0.88
2017 (Unaudited)	78,485,627	309,880	0.39
2018 (Unaudited)	80,372,640	211,751	0.26

(1) Inclusive of other financing uses.

(2) Excludes employee benefits. Includes \$502,403 in contractual services for fiscal 2016.

Source: The budgets of the City. The summary is not audited.

Expenditure Volatility. Although the trend of annual expenditures appears to be volatile, many of the costs bared by the EDP, especially in the earlier years, correlated to grant funded projects.

EDP Revenues. Most EDP revenue comes in the form of grant funding and is not necessarily specific to the Department itself. Nevertheless, the revenue is used for economic development activities, infrastructure projects, planning and the arts.

EDP RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the EDP. Below is a list of the primary findings and recommendations:

Recommendation – Economic Development I
Centralize Grant Procurement

Grant procurement is an important function which should not be overlooked. In conjunction with the City Manager, EDP should increase its collaboration efforts with City departments to better leverage its grant procurement capabilities. In addition, the City Manager, in conjunction with the City Comptroller, should determine if the EDP could be a centralized point for all City grant procurement activities. As the EDP workforce is presently stretched, additional staff may be required.

Recommendation – Economic Development II
Review, Revise (as Appropriate) and Adopt the Final Draft Comprehensive Plan

Although a Final Draft Comprehensive Plan was delivered by the EDP, the plan may have not been responsive enough to certain groups and their concerns. Nevertheless, the adoption of the Comprehensive Plan is the critical first step in updating the City's zoning and tax base improvement plan. As such, the current Final Draft Comprehensive Plan should be carefully reviewed by EDP staff based upon direction from the City Council and City Manager to create a revised version with public input. Once revised, the Final Draft Comprehensive Plan should be reviewed by the City Manager and then presented to the City Council for their consideration.

Recommendation – Economic Development III
Update the Zoning Code and Develop a Tax Base Improvement Policy

As noted above, the State Comptroller encourages zoning through a land use plan and the City has not evaluated its zoning in over 30 years. Since land use needs will undoubtedly vary from entity to entity, several freedoms are afforded by the State so that the code may be unique to a jurisdiction's specific needs. External professionals are often employed to assist with the development of such an update. In addition, public participation and comment ensures that residents both understand the need for a plan and that their recommendations can be considered. After the formal adoption of a Comprehensive Plan the City should develop a plan to update its zoning, which is currently antiquated. Minor levels of funding are generally included in the Capital Plan for zoning study purposes.

In addition, the City should develop and adopt a local tax base improvement policy. Tax base attrition is not an uncommon concern to municipal entities. This matter, however, can be addressed through the creation of a strong community and economic development strategy. In order to expand the tax base, the tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

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DEPARTMENT OF FIRE

DEPARTMENT MISSION

The mission of the Fire Department (“FD”) is as follows:

The FD is committed to protecting property owner’s investments and promoting public health, safety, and welfare to enhance the quality of life in the City.

Source: The 2019-20 Budget of the City.

FD ORGANIZATIONAL STRUCTURE

The FD is comprised of 1 paid uniformed company, 7 volunteer companies and a fire alarm dispatch office. Fire and emergency operations are under the command of the Chief and three Assistant Chiefs of the volunteer units. Administration functions of the FD is under the Supervision of the Fire Commissioner.

Further details relating to the makeup of the paid and volunteer units is provided below.

Uniformed Firefighting Company. The uniformed company consists of 16 paid Firefighters. In addition, certified paramedics are hired into civil service positions and are members of the collective bargaining agreement. Currently, management has indicated there are 9 active paramedics with a 10th unfilled position in the 2019-20 budget.

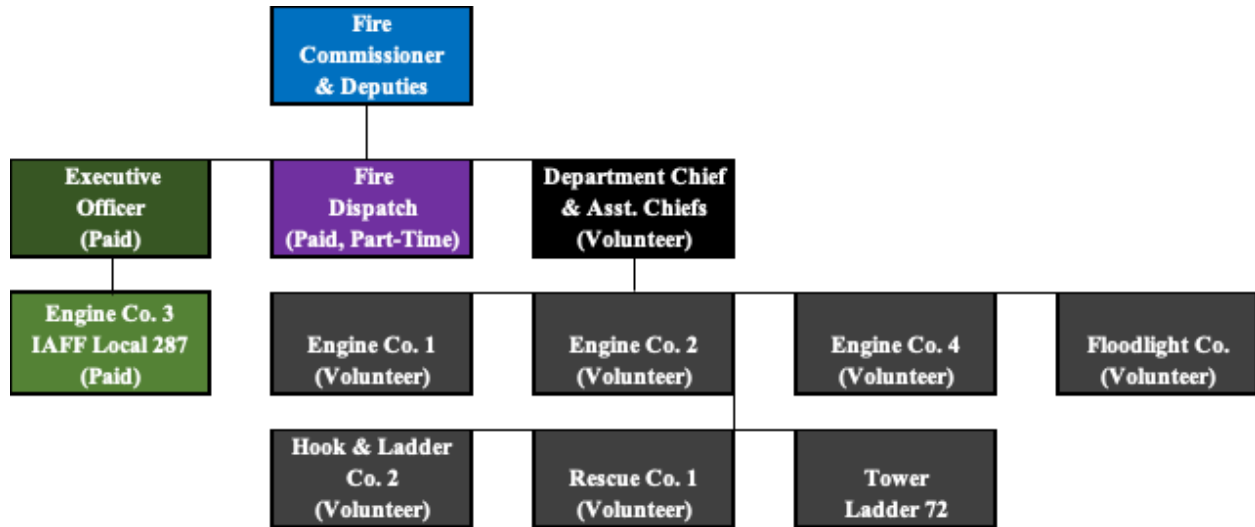
Volunteer Units. According to management of the FD, the volunteer units include approximately 140 volunteer firefighters, of which 80 volunteers were indicated as being very active in the functions of the FD. A list of the 7 volunteer FD units is provided below:

- Engine Company 1
- Engine Company 2
- Engine Company 4
- Floodlight Company
- Hook and Ladder Company 2
- Rescue Company 1
- Tower Ladder 72

Fire Alarm Dispatch Office. According to FD management, the fire alarm dispatch office is staffed by approximately 18 part-time employees.

Organizational Structure. Exhibit FD-I portrays the organizational structure of the FD:

Exhibit FD-I
Organizational Structure of FD



Source: FD Officials.

DEPARTMENT HEAD

Fire Commissioner. In accordance with the Charter, the Fire Commissioner (the “Commissioner”), and a Deputy Fire Commissioner, who acts as the general manager and supervisor of all paid and volunteer FD operations. The Commissioner is responsible for the examination of all fire apparatus and equipment and to determine if such apparatus and equipment is adequate for the proper protection of the City and its residents. From time to time, the Commissioner will make recommendations to the Council. The Executive Officer of the paid unit reports to the Commissioner.

FD SERVICES

The paid and volunteer members of the FD are charged with providing general fire protection, emergency medical services (“EMS”) and certain HAZMAT services to the City, the Village of Atlantic Beach, and the East Atlantic Beach Fire District. In addition, the FD operates a 24-hour dispatch office which is fully staffed by part-time employees. The fire alarm dispatch office is responsible for the communication of all alarms and the real-time monitoring of over 50 automatic fire alarms within the City. Fire alarm dispatch also has contracts with and provides services to Inwood Fire District, Woodmere Fire District and the Lawrence/Cedarhurst FD

On average, the FD annually responds to approximately 5,000 emergency calls. FD management indicated about 70% of calls relate to EMS matters.

Fire investigation services are provided by the County.

FD VOLUNTEER AND PAID STAFFING TRENDS

Exhibit FD-II shows a trend of fulltime, part-time and volunteer firefighters for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit FD-II
FD Paid and Volunteer Staffing Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime FD Employees	Part-Time FD Employees	FD Volunteer Firefighters
2015	30	10	140
2016	26	15	134
2017	26	17	127
2018	28	13	129
2019	27	16	137
2020 ⁽¹⁾	24	23	N/A

(1) As of December 2019.

Source: City and FD Officials.

FD ORGANIZATIONAL STRUCTURE CONCERNS

Staff Morale. The structure and leadership of the FD is negatively impacted by its dual composition of paid and volunteer staff. Based on focused interviews with key FD personnel, there appears to be a misalignment of managerial functions and a level of tension and animosity exists between paid and volunteer units.

For example, as result of a union grievance filed several years ago, approximately 10 to 12 New York City Fire Department (“FDNY”) trained residents were forced to resign from their volunteer positions with the FD. Although these individuals are highly trained and able to provide services to the City and its residents at practically no cost, they are currently prohibited from doing so.

Expired Collective Bargaining Agreement. The City's contract with the Long Beach Professional Firefighter's Association (LBPFA) expired in June 2010. Management has indicated the FD does not appear to be in a position to settle this contract in the near future. To date, neither party has declared an impasse, which means an interest arbitration process has not commenced. Nevertheless, given the possibility of retroactive payments and the cost of interest arbitration, the unsettled contract represents a significant liability to the future fiscal conditions of the City.

In addition, under the existing agreement, similar to the Police, paid FD staff do not contribute to the cost of healthcare benefits. Members who do not take City healthcare insurance receive an annual buyout payment of \$2,000. According to the NYS FRB, healthcare contributions have been proven to significantly impact fiscal conditions. In fact, as identified in the FRB's comprehensive report on the City (released in June of 2019 and available on the FRB's official website), the healthcare benefit costs for paid FD staff in during the 2019 fiscal year totaled approximately \$500,000. As such, an employee contribution rate of 20% would yield recurring annual savings of \$100,000, or \$1.0 million over 10 years.

Minimum Staffing. Under the current collective bargaining contract, firefighter tours consist of 24 hours on duty followed by 72 hours off. Although the current collective bargaining agreement has been expired since 2010, there was an amended in 2017 to recognize a departmental restructuring relating to EMS. The amendment included a minimum staffing clause that requires 4 paid firefighters to be on shift at all times through April 6, 2022. Given the small number of paid staff, the clause fosters excessive amounts of overtime which unfortunately cannot be avoided. In fact, during 2017 FD overtime totaled \$859,577, an increase of nearly 24% compared to 2016 and 67% when compared to 2015. For the fiscal year 2019-20, management indicated they tried to be conservative with overtime costs but trends indicated the costs may exceed projections. Although cost effective, it would be difficult for the City to rescind this clause.

PAID VERSUS VOLUNTEER FIRE SERVICES

Special Note. The City staffs the only paid municipal fire department in Long Island, which service approximately 2.8 million total residents.

Full Volunteer Fire Services. Paid FD staff receive significant vacation, personal, sick, compensatory, and terminal accruals. In fact, according to the FRB, the average firefighter is able retire from the City with nearly \$300,000 in separation payments. Firefighters also receive other significant benefits and protections, including membership in the New York State Police & Fire Retirement System, binding interest arbitration process and 207-a disability benefits.

According to a report released by the Empire Center ("What they Make – County and Municipal Payrolls in New York Average Pay by Employer 2018-19"), firefighters employed in the City are paid \$132,306 on average, which represents the second-highest average pay among all cities in the State. Only the City of Yonkers reported higher average firefighter pay, which was \$153,067.

The City has previously considered the functional elimination of paid firefighters. At the time it was believed that a full volunteer structure had the potential to increase response times. As such, the City elected not to further pursue the initiative. Current FD management believes that public outreach was lacking when this initiative was under consideration. Nevertheless, CMA believes that there could be material cost savings if the City was to move toward full volunteer fire services or to reduce the size of the paid staff. It would be advantageous for the City to re-examine this opportunity. However, a comprehensive study beyond the scope of the Analysis will be required.

FIRE CONSOLIDATIONS

Prior to the pursuit of a consolidation, the City should engage the services of a firm specializing in the field of public safety to develop a comprehensive feasibility study. At a minimum, the feasibility study should consider all direct and indirect financial, legal, operational and public safety related issues. State Laws, Civil Service rules, union contracts, policies and procedures would result in significant but not insurmountable hurdles. Potential Impacts on response times would also need to be carefully evaluated and considered.

Garden City Case Study. Prior to 2018, the Village of Garden City (Nassau County) employed paid firefighters. Nevertheless, during July of 2018, the Garden City Village Board voted (6 to 1) to functionally eliminate all paid firefighter positions. *The estimated savings of the elimination was approximately \$2 million.*

Litigation was brought by the Garden City firefighters' union. Ultimately, a settlement was negotiated in which *most* firefighters received a significant cash settlement. In addition, six (6) firefighters retired, receiving fully paid retiree health insurance along with any accrued separation payouts. Certain other firefighters were able to remain on paid administrative leave until they reached the years of service required to fully retire.

CONCEPTS OF FISCAL SAVINGS

Savings are generally realized in the form of cost reductions relating to salaries, overtime, benefits and other collective bargaining related issues relating to the collective bargaining agreements such as longevity and holiday pay. Additional benefits and cost reductions may be realized through the reduction of capital and operational expenditures.

For the City, savings could be \$3.1 million (inclusive of regular and temporary salaries and overtime) plus fringe benefits.

NEXT STEPS IN CONSOLIDATION CONSIDERATIONS

Below is a summary of next steps that were deemed to be a logical starting point should the City and the Council elect to further investigate a functional elimination of paid consolidation.

- A previous fire report was issued in 2015 by the ICMA. This report is no longer applicable and should be updated to specifically review the functional elimination of paid fire services. As such, the City should issue a competitive request for proposals (“RFP”) so that a qualified firm can be selected to conduct a formal feasibility study. As previously noted, at a minimum, the feasibility study should consider all direct and indirect financial, legal, operational and public safety related issues. State Laws, Civil Service rules, union contracts, policies and procedures will provide significant but not insurmountable hurdles. Potential impacts on response times would also need to be carefully evaluated and considered. Additional legal options should also be sought after. The City should consider

applying for grant funding, or speaking to the FRB, to offset costs associated with a feasibility study.

- The report should be reviewed by City officials and the Council to determine if the cost savings validate efforts to proceed with an elimination.
- If the feasibility study confirms the consolidation to be cost beneficial and the Council elects to move forward with the consolidation, a consolidation committee including representatives from all participating agencies should be created. The committee should meet regularly to evaluate, discuss and make recommendations relating to the consolidation.

FD STRENGTHS AND OPPORTUNITIES

Based on a focused departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within FD.

- *Solid Volunteer Membership.* The volunteer units of the FD include approximately 140 volunteer firefighters, of which 80 volunteers are estimated to being very active. The utilization of volunteer firefighters reduces costs and assists in preserving public safety.
- *Morale – Volunteer Members.* Volunteers do not receive salaries, which means the incentive to provide services is the result of personal choice, the opportunity to develop new skills or simply to give back to the community. In other words, individuals are serving by their own choice. As such, morale amongst the volunteer units has been identified by FD management as exceptionally high.
- *Utilization of Part-Time Fire Dispatchers.* Fire dispatchers are paid as part-time employees, which means the City is not liable to pay for healthcare and other related fringe benefits.

FD WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within FD.

- *Separation Payouts.* The City has failed to plan for separation payments, which represent a significant contributing factor to its distressed financial conditions. According to the NYS FRB, the average separation payment for paid City firefighters exceeds \$300,000.
- *Volunteer EMS Memberships.* Due to a lengthy initial training process, it is difficult to attract EMS volunteers. The FD must then rely more heavily upon paid EMS staff.
- *Excessive Overtime.* There exists a minimum staffing clause requires that 4 paid firefighters to be on shift at all times through April 6, 2022. As result, it is exceedingly hard to control overtime costs within the FD.

- *Comparatively High Salary Structure.* The average pay of a City firefighter is \$132,306, which represents the second highest average firefighter pay of all cities in the State (“What they Make – County and Municipal Payrolls in New York Average Pay by Employer 2018-19”). Only the City of Yonkers reported higher average firefighter pay, which was \$153,067.
- *Workers Compensation Claims.* Although CMA has not conducted a comprehensive review of FD workers compensation claims, FD management indicated there currently exists a significant number of pending claims.
- *Succession Planning.* The FD, like many other City departments, lacks a formalized succession plan to fill lost and retired positions.

FD FINANCES

General Expenditures. The operations of FD are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the FD, on average, has accounted for 4.97% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit FD-III highlights the (unaudited) annual expenditure pattern of the FD for the fiscal years ended June 30, 2014 through 2018.

Exhibit FD-III
Fire Protection and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	Fire Protection Expenditures ⁽²⁾	% Fire Protection Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$4,009,180	5.41%
2015 (Unaudited)	74,923,356	3,927,395	5.24
2016 (Unaudited)	76,927,053	3,939,518	5.12
2017 (Unaudited)	78,485,627	3,752,615	4.78
2018 (Unaudited)	80,372,640	3,458,134	4.30

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

FD Revenues. The FD is able to generate revenue through ambulance billings. The City contracts out to a vendor for this service who is paid on a commission basis. On average, the City receives approximately \$1.0 million in annual revenue from this source.

FD RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the FD. Below is a list of the primary findings and recommendations:

Recommendation – Fire Department I

Seek Assistance in Settling Collective Bargaining Agreements with IAFF Local 287

In its June 2019 Comprehensive Report on the City, the NYS FRB recommended that the City seek labor and healthcare efficiencies. Furthermore, the FRB indicated, in its sole discretion, it may award a grant to help the City with respect to this matter. As such, given the complex collective bargaining agreements and structure of the City, the City should take advantage of State resources.

Recommendation – Fire Department II

Healthcare Cost Contributions

As collective bargaining agreements are negotiated with the FD, the City should seek premium cost sharing from members of the FD. If successful, annual recurring savings in excess of \$100,000 could be realized.

Recommendation – Fire Department III

Explore the Possibility of a Full Volunteer Structure or a Reduction of Paid Staff

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. Ensuring the safety of residents, business owners, and visitors certainly falls into this category. However, there presently exists deficiencies within the organizational structure of the City's FD.

If the City is to address the current deficit position of the General Fund, it will first need to develop a structurally sound budget. This will entail the consideration of significant structural changes to certain services. Taking into account the City FD is the only paid municipal fire department on Long Island, it would make sense to review this operation for reduction or elimination.

During 2018, the City and the Village of Garden City (Nassau County) were the last two Long Island municipalities with paid uniformed firefighters. In July 2018, the Board of the Village of Garden City voted (6-1) to eliminate paid firefighter positions. The cost recurring annual savings have been estimated at approximately \$2 million. In conjunction with the City Manager, the City Comptroller and Corporation Counsel, the City should further review the case of Garden City.

As noted, a comprehensive study beyond the scope of the Analysis will be required. As such, the City should explore grant opportunities which would offset the cost of conducting a feasibility study.

INFORMATION TECHNOLOGY DEPARTMENT

DEPARTMENT MISSION

The mission of the Information Technology Department (“IT”) is as follows:

The mission of IT is to support the City’s operations through the development, implementation, and management of its technological resources. IT aims to provide leadership in information technology, with a focus on imparting strategic direction on technology innovation initiatives, while responsibly managing the City’s technology infrastructure, applications, and maintaining the highest level of reliable service to the city workforce and community.

Source: The 2019-20 Budget of the City.

IT FUNCTIONS AND SERVICES

IT serves as the central point for planning, implementing, and supporting technology initiatives and infrastructure in the City. The Department maintains all internal data systems to ensure they operate within the guidelines of industry standards and protocols. System upgrades are evaluated by IT staff to determine cost-effective technology solutions. IT advocates for the use of proven and reliable technology and to this extent they frequently work with peer jurisdictions.

Services provided by IT include:

- Help Desk
- User Support
- Networking and Network Administration
- Microcomputer Operation and Repair
- Data and Telecommunication Operations

IT actively collaborates with other City departments and management to implement common technology solutions and services that enable efficient operations and delivery of City services, while maximizing the City’s investment in technology. Nevertheless, although IT provides server related functions to the Police Department, the Police have internal staff that are training in IT related functions for internal troubleshooting.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the IT department is minimal and somewhat fragmented. It consists of a fulltime Network Specialist, a part-time employee and an IT Director, who also acts in the capacity of City Clerk. Despite IT’s minute workforce, the Department is well run and strategic in their decision making. IT has been contracting out for hosted solutions where available and not cost prohibitive, which assists in their ability to function with so few employees.

IT Staffing Trends. Exhibit IT-I shows a trend of fulltime and part-time IT staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit IT-I
IT Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	IT Fulltime Employees ⁽¹⁾	IT Part-Time Employees ⁽²⁾
2015	1	0
2016	1	0
2017	1	1
2018	1	1
2019	1	1
2020 ⁽¹⁾	1	1

(1) As of December 2019.

(2) Excludes the IT Director who also functions in the capacity of City Clerk.

Source: City Officials.

IT Staffing Concerns. Although the IT workforce was found to be proficient, its modest size could also be considered a risk. There is no succession plan in place and only one individual who is aware of the inner workings of the City's IT system. A loss of this individual would be highly detrimental to the Departments ability to function.

IT STRENGTHS AND OPPORTUNITIES

Based on a focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within IT.

- *Peer Communication and Emerging Technologies.* The staff of IT actively communicates and collaborates with other internal City departments and peer jurisdictions. As result, IT is well positioned to take advantage of tested emerging technologies.
- *Contracting of Certain Managed IT Services.* Hosted software solutions have allowed IT to focus on the internal quality and structure of the City's system.
- *Strategic Hardware Replacement.* IT manages the replacement of computers and hardware for the various City departments. IT has implemented a rolling structure to ensure that systems are replaced in a timely fashion. Replacements are intentionally scattered but are completed for a full department at a time to avoid communication problems.
- *Mobilization of the City Workforce.* Technology has been shown to improve workflow efficiencies. Mobile devices allow City staff complete tasks while in the field.

- *Automation Opportunities.* According to Gartner, Inc., a research and advisory firm specializing in IT services, projects optimizing technologies can effectively reduce certain costs by up to 50%. Furthermore, Forrester, Inc., another IT research and advisory firm, suggests that technology can be utilized to automate redundant workflow tasks. Automation is projected to reduce the time spent on those tasks by upwards of 60%, with an additional 20% reduction in the time taken to manage and support those tasks. Nevertheless, for these opportunities to be effective there would need to be full consensus between City employees, collection bargaining units, City management and IT (see also, “IT Weaknesses and Threats,” below).
- *Virtualization of Servers.* IT management indicated that all City servers have been virtualized. This has reduced capital costs, assisted to minimize downtime and increased IT productivity.

IT WEAKNESSES AND THREATS

Based on a focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within IT.

- *Succession Planning.* IT lacks a succession plan to fill lost and retired positions.
- *Acceptance of Automation and Technology.* Manual processes are both slow and unproductive. Nevertheless, restrictive collective bargaining agreements and an aging workforce can result in slow acceptance of automation and the adoption of other technology related improvements. A Citywide focus on technology would need to be adopted in order to reap the full potential and benefits of automation.
- *Cybersecurity Management.* The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.
- *Data Storage.* As technology continues to enhance, so do the costs of data storage. As an example, if the Police Department confiscates a cell phone all the data located on the phone must be stored. The cost of uploading data is minor, but the costs to later retrieve this data can be significant.

UPCOMING INFORMATION TECHNOLOGY STRATEGIES

IT management identified the following technology projects as in the works or being considered by the City:

- Fleet Management System
- Disaster Recovery Plan
- Time and Attendance Software

IT FINANCES

General Expenditures. The operations of IT are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the IT, on average, has accounted for 0.63% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit IT-II highlights the (unaudited) annual expenditure pattern of the IT for the fiscal years ended June 30, 2014 through 2018.

Exhibit IT-II
IT and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	IT Expenditures ⁽²⁾	% IT Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$461,948	0.62%
2015 (Unaudited)	74,923,356	470,353	0.63
2016 (Unaudited)	76,927,053	490,138	0.64
2017 (Unaudited)	78,485,627	495,400	0.63
2018 (Unaudited)	80,372,640	498,829	0.62

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Maintenance Expenditures. Maintenance contracts represent the largest annual expenditure of the IT. For 2018, salary related costs have accounted for more than 40% of total IT expenditures. Nevertheless, these assist IT in its ability to function with minimal staff.

IT Revenues. IT is a non-revenue producing department.

IT RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the IT. Below is a list of the primary findings and recommendations:

Recommendation – Information Technology I

Conduct a Cybersecurity Audit with the Office Homeland Security

The Homeland Security's Cybersecurity and Infrastructure Security Agency ("CISA") is the Nation's risk advisor, working with partners to defend against technology related threats. A service of CISA is the Cyber Resilience Review ("CRR"). According to CISA, the CRR a no-cost, voluntary, non-technical assessment to evaluate an organization's operational resilience and cybersecurity practices. Jurisdictions are provided with two options in conducting a CRR. Foremost, on their website, CISA provides a free downloadable self-assessment tool. As a secondary option, CISA will provide a facilitated session involving representatives trained in the use of the assessment tool.

The City should request a facilitated session with CISA representatives to test the vulnerability of its technology systems.

Recommendation – Information Technology II

Consider Cybersecurity Insurance

In conjunction with the City Manager and Corporation Counsel, the City should conduct a cost-benefit analysis relative to cybersecurity insurance. IT management has indicated this service is provided by both of the City's current insurance carriers.

Recommendation – Information Technology III

Complete Time and Attendance Project

It was indicated that the City is presently in the process of implementing an electronic time and attendance management system. Such a system would assist in the City's ability to monitor employees and lessen the risk of abuse. The City should continue its efforts to implement this system.

Special Note: As of February 2020, City management indicated a time and attendance project is presently underway

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DEPARTMENT OF PARKS AND RECREATION

DEPARTMENT MISSION

The mission of the Department of Parks and Recreation (“DPR”) is as follows:

The DPR promotes quality recreation experiences that encourage healthy lifestyles and support economic prosperity. DPR’s overall goal is to enhance the quality of life in the City by providing and maintaining quality parks, and by offering enriching recreational activities and facilities for people of all ages and abilities.

Source: The 2019-20 Budget of the City.

DPR PARKS, CENTERS AND EVENTS

Parks and Centers. The DPR provides year-round leisure time programs, amenities, and services 7 days a week. Programing for the DPR includes, among other things, athletics, swimming, adult leagues, fitness groups and summer camps. The recreation campus includes a municipal pool, weight and cardio rooms, playground, ice arena, turf fields, basketball court, roller hockey rink, fishing pier, boat launch, skate park, dog run, and boardwalk promenade as well as seven playgrounds located throughout the City. Further details relating to each of these centers and parks managed by the DPR is provided below.

Recreation Center. The recreation center features a separate cardio and weightlifting gym, a municipal pool. Memberships to the center may be purchased on either a daily or monthly basis.

Ice Arena. The DPR ice arena is located at the recreation campus and is open year-round. The arena offers public skating, group and private lessons, youth and adult hockey programs and birthday parties. There is also concessions and a multi- purpose room that is used for parties, a meeting room and sometimes as a teen center.

Magnolia Community Senior Center. Approximately 50 wellness, cultural and recreation activities are available at the senior center to citizens over the age of 55. The DPR is responsible for building maintenance.

Martin Luther King, Jr. Center. The center provides youth, adult and senior programming. It includes classrooms and a multipurpose indoor gym with a basketball court. The center also offers free training programs which provide training and certification for nursing assistants, medical coding and billing, home health aides, dietary aides, building trades and weatherization, early childcare, and customer service. The DPR is responsible for building maintenance, supplies for events and senior programming 3 days a week.

Shorgasboard Food Court. The DPR is responsible for set-up, breakdown and daily cleaning.

Beach Park. DPR houses the Beach Park office.

Parks and Playgrounds. DPR maintains and operates seven primary recreational parks, which are listed below.

- Georgia Avenue Park ⁽¹⁾
- Magnolia Park
- Veterans Memorial Par
- Sherman Brown
- Leroy Conyers Park ⁽¹⁾
- Pacific Playground
- Clark Street Park ⁽¹⁾

(1) Includes a water spray component.

Other parks include the Municipal Fishing Pier, Boat Ramp, Skate Park and Dog Run, all of which are located at the recreation campus.

City Events. The DPR coordinates and manages a variety of City events, including but not limited to, the Summer Concert Series and the Arts & Crafts Fair. The DPR generates work orders for all necessary City departments and staff to ensure events are properly organized and controlled. In addition, the DPR is tasked with receiving and supervising permit applications for events throughout the City. City events are considered to be one of the primary driving forces with respect to DPR overtime.

DEPARTMENT SUPERVISION

According to DPR management, a Commissioner may be appointed on the basis of experience and other qualifications, however there has not been DPR Commissioner since February of 2014. Most recently, operations of the DPR have been primarily directed by the Assistant Superintendent. Subsequent to the “as of date” of this Analysis, CMA understands that a Commissioner was named.

ORGANIZATIONAL STRUCTURE AND EMPLOYEES

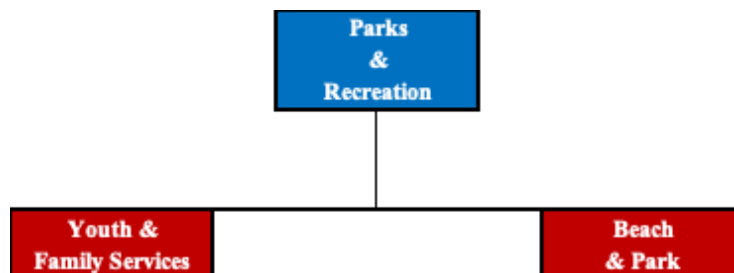
The general operations of the DPR can be categorized into each of the following three disciplines.

- Maintenance related functions
- Recreation activities
- Administrative and cash handling duties

The DPR is operated by a staff that consists of approximately 21 fulltime positions. In addition, a significant number of part-time employees are utilized to meet the seasonal needs of the DPR. During the peak season, the summer, the DPR’s part-time staff can reach 500 individuals.

Exhibit DPR-I portrays the organizational structure of the DPR:

Exhibit DPR-I
Organizational Structure of DPR



DPR STAFFING TRENDS

Exhibit DPR-II shows a trend of fulltime and part-time DPR staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit DPR-II
DPR Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	DPR Fulltime Employees	DPR Part-Time Employees ⁽²⁾	DPR Seasonal Employees ⁽²⁾
2015	21	54	75
2016	21	72	67
2017	22	62	46
2018	23	51	37
2019	21	49	36
2020 ⁽¹⁾	21	N/A	N/A

(1) As of December 2019.

(2) As noted, the DPR must utilize a significant number of part-time employees in order to meet their seasonal needs.

Source: City Officials.

DPR STAFFING CONCERNS

Like all City Departments, the largest recurring cost of the DPR relates to personnel. During focused interviews various staffing related concerns were discussed and are further described below.

General DPR Workforce Concerns. Although the DPR conducts on-the-job training, certain members of the DPRs management team believe the workforce would benefit from enhancing

these efforts. During CMA's evaluation period there was a change in DPR management. Despite interviewing both sets of management, there were various points brought up that seemed to be contradictory. Additional analysis is necessary to determine which concerns are valid.

DPR Workforce Wage Concerns. Although CMA has not completed an in-depth benchmark analysis of the DPR's pay structure, Management at the DPR believes the structure does not provide market rate competitive wages. As result, the DPR has troubles attracting qualified candidates to fill positions. At the request of City management, on occasion DPR positions have been filled by employees who have transferred in from various other City departments.

DPR Overtime and Scheduling Concerns. With respect to its 7-day operations, the DPR is sometimes required to utilize overtime to backfill vacant shifts, reach adequate staffing levels for events, and occasionally for other outside purposes. Like other City Departments, the DPR utilizes an antiquated system to track overtime. The present system is considered to be inefficient and increases the probability of employee abuse. As noted, this issue is generally a Citywide issue and not specific only to the DPR. Nevertheless, given the size of the DPR's workforce (including part-time and seasonal employees), it makes sense to mention here.

DPR STRENGTHS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key strengths noted within the DPR.

- *Events.* The City hosts a multitude of events. The DPR workforce appears proficient in its ability to plan and manage events.
- *Revenue Streams.* Several functions of the DPR yield cash positive results.
- *Location.* Access to the beach provides residents with unique recreational opportunities. Nevertheless, this can also be a weakness/threat (see below).

DPR WEAKNESSES / THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses noted within the DPR.

- *Misaligned Workforce.* The workforce is misaligned, requiring senior level employees to work outside of their job descriptions.
- *Succession Planning.* Like most City departments, the DPR lacks a formalized succession plan to fill lost and retired positions. However, management has indicated they presently do not anticipate the separation of any key staff in the foreseeable future.
- *Time and Attendance.* As noted, the time and attendance system of the City is extremely antiquated and inefficient. Although not specific to the DPR, given the size of the DPR's workforce (including part-time and seasonal employees), it makes sense to be noted.

- *Overtime.* The antiquated nature of the current time and attendance process leaves the City as a whole exposed to the potential for certain abuses. Given the structure of the DPR's workforce, particularly considering the number of part-time and seasonal employees that are utilized, the DPR is considered especially at risk.
- *Capital Needs.* Future capital needs may be extensive. After Hurricane Sandy, much of the DPR's equipment was replaced. Although functional today, the future replacement of equipment will not be spread out.
- *Location.* With the ocean bordering one side of the City, there are less opportunities for the DPR to pursue mutual recreations agreements with peer municipalities.
- *Communication.* During CMA's original interview with DPR staff, communication with upper City management was highlighted as being inadequate. However, the current management of the DPR noted communication as being adequate.

DPR OPPORTUNITIES

- *Event Sponsorships.* Local businesses and corporations often sponsor City events. CMA believes there is presently an opportunity for the DPR to expand upon its solicitation efforts.
- *Staff Reductions.* Management believes the workforce could be reduced. Nevertheless, such reductions would need to conform with civil service law.

DPR CAPITAL NEEDS AND EQUIPMENT

The preservation of the vehicles and related recreation equipment is vital to the operations of the DPR and its ability to provide services to City residents.

DPR Fleet. The DPR's fleet includes 2 Ford Expeditions, 2 pickup trucks, a dump truck, a passenger van, 2 cargo vans and 2 motorized gators. Management indicated 1 of the vans is operable but the other, although operable, should be replaced. The condition of the remaining vehicles was deemed to be satisfactory.

Recreation Equipment. In addition to the fleet, the DPR is responsible for various pieces of gym and recreation equipment. Management indicated the majority of this equipment was replaced in 2012, after Superstorm Sandy. While the equipment is in perfect working condition today, since it was all purchased at the same time its replacement will not be spread out. As such, a replacement strategy should be considered.

SALTWATER CONSIDERATIONS

As noted above, the ocean location of the City provides both strengths and weaknesses to the DPR. Although residents are able to enjoy the benefit of beaches, the salt air causes equipment and vehicles to age at a quicker rate.

DPR RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the DPR. Below is a list of the primary findings and recommendations:

Recommendation –Parks and Recreation I

Conduct an Analysis Focusing on Overtime and the Scheduling of Employees

In conjunction with the City Administrator and Corporation Counsel, the DPR should conduct an internal analysis to determine if staffing levels are adequate, define an acceptable level of overtime for individual employees, outline a multitiered approval process for the assignment of overtime and provide for a system of the ongoing monitoring of overtime costs. The analysis should draw on data from similar sized cities to form a base for comparison purposes.

Recommendation –Parks and Recreation II

Enhance on the Job Training of Employees

Training staff members in the functionalities of their job should be considered crucial. At present, a disparity exists between the DPR's employee capabilities and training. As such, the department relies on a handful of employees to perform key or specialty functions. To the greatest extent possible, employees should be cross-trained. If training cannot be performed internally, the DPR should investigate State and County offered training opportunities. Furthermore, as new employees join the DPR, it will be vital to ensure they receive an appropriate level of initial training. Therefore, the DPR should develop a series of policies and best practices relating their general operations.

(The remainder of this page has been left intentionally blank.)

POLICE DEPARTMENT

DEPARTMENT MISSION

The mission of the City Police Department (the “PD”) is as follows:

The PD’s mission is to provide the highest quality law enforcement dedicated to the protection of life and property. The PD also strives to ensure the highest quality of life to City residents, businesses and visitors.

Source: The 2019-20 Budget of the City.



DEPARTMENT DIVISIONS AND SPECIAL UNITS

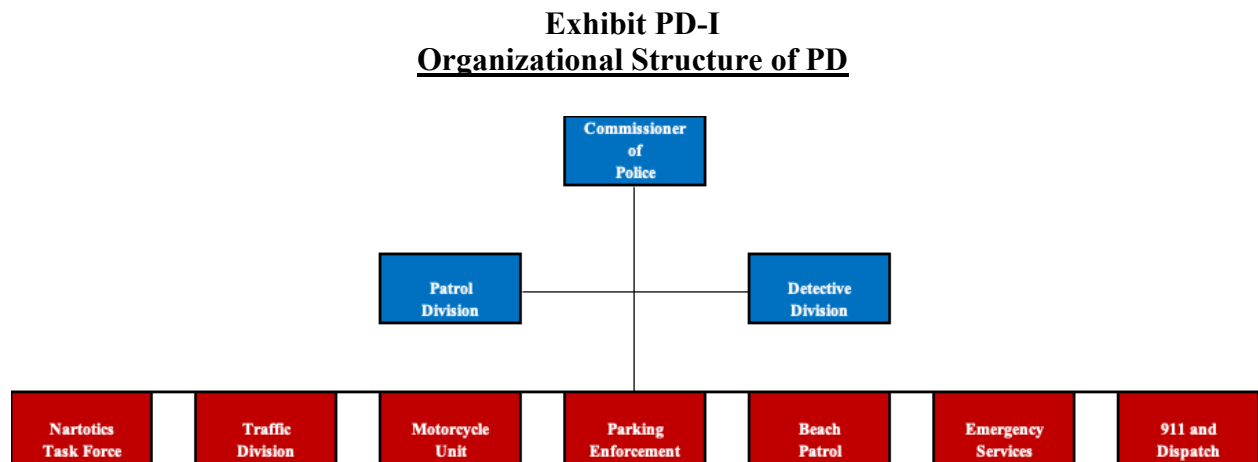
The PD consists of 70 sworn (budgeted) members and approximately 23 civilians, including part-time and hourly positions. Although there are currently 70 budgeted sworn positions, Management has indicated actual sworn personnel consisted of 65 individuals, as of September 2019. Non-sworn civilian personnel provide the PD with support and special services such as clerical staff, parking enforcement, and school crossings. During the most active times of the year, Special Officers are recruited from college criminal justice programs to provide varying levels of support to the PD. In addition to paid staff, the PD also includes a volunteer auxiliary force. According to PD management, the auxiliary force consists of approximately 30 members. The primary function of these volunteers is to act as the "Eyes and Ears" of the PD.

The PD is a full-service law enforcement agency which requires mandatory 24 hour a day staffing. The PD consists of two primary divisions, the Detective Division and Patrol. Nevertheless, additional services are provided to City residents and visitors through the following departmental subdivisions and special units:

- Narcotics Task Force
- Traffic Division
- Motorcycle Unit
- Identification Division
- Parking Enforcement
- School Crossing Guards
- Bicycle Patrols (Boardwalk)
- ATV Unit (Beach Patrol)
- 911 and Dispatch
- Emergency Services
- Support Services and Training

ORGANIZATIONAL STRUCTURE

Exhibit PD-I portrays the organizational structure of the PD:



DEPARTMENT HEAD

Police Commissioner. In accordance with the Charter, the Police Commissioner (the “Commissioner”) acts as the general manager and supervisor of PD operations.

Through the Charter, among other things, the Commissioner is afforded the following powers and duties:

- Exercise supervision over the PD, making all proper rules for the governance and discipline thereof;
- Custody and control of all PD property, books, records and equipment;
- Preserve the public peace and prevent crime, arrest offenders and protect the rights of persons and property, guard the public health, preserve order and enforce the laws of the state and ordinances of the City;
- As appropriate, change the titles of Police Officers and employees, except deputies, designating such titles as fit, creating whatever offices and positions are deemed necessary for the proper organization and conduct of the PD;
- Administer oaths, take depositions and issue subpoenas;
- Subject to the approval of the Council, erect and maintain police stations, garages, and barns, and to build and operate a telegraph signal system;
- Maintain supervision of all traffic, ordinances and regulations affecting streets, avenues, boulevards and other public places; keep a record in his office relative to accidents occurring therein incident to traffic; investigate the causes thereof; make recommendations to the council for necessary legislation to prevent and suppress such accidents, and shall through educational publicity among the people of the city seek to reduce the number of such accidents
- As provided by Section 209(m) of the General Municipal Law of the State of New York, to contract with the PD of other local governments situated within the County of Nassau,

for the mutual or unilateral assistance between the PD and such other local governments. Such assistance may be in the form of manpower, equipment, facilities, training and intelligence. In the case of an emergency, he may assist other local governments or request assistance from other local governments without prior written agreement.

Deputy Police Commissioner. With the approval of the Council, the Deputy Police Commissioner may perform the duties of the Commissioner during the sickness, absence or other temporary inability of the Commissioner to perform the duties of the office. The Deputy Commissioner will perform all the duties and have the powers of the Commissioner, except for the authority to change any general rule or regulation or to make appointments or dismissal of any member of the PD.

PD FINANCES

General Expenditures. The operations of the PD are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the PD, on average, has accounted for 16.98% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibits PD-II and PD-III highlight the (unaudited) annual expenditure pattern of the Police Department for the fiscal years ended June 30, 2014 through 2018.

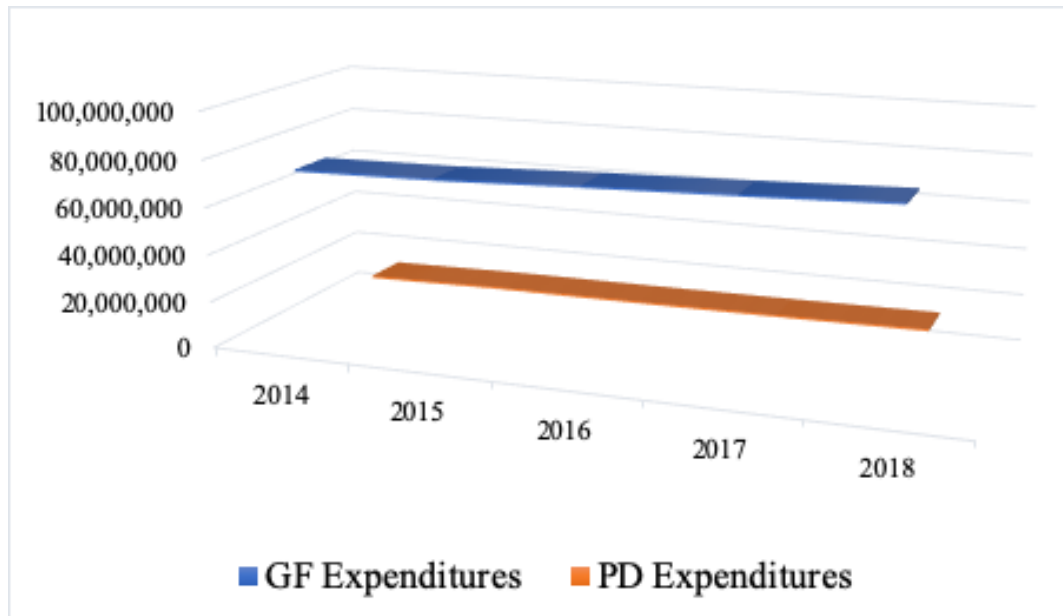
Exhibit PD-II
PD and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	PD Expenditures ^{(2) (3)}	% PD Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$12,186,924	16.45%
2015 (Unaudited)	74,923,356	12,966,984	17.31
2016 (Unaudited)	76,927,053	13,046,501	16.96
2017 (Unaudited)	78,485,627	13,322,551	16.97
2018 (Unaudited)	80,372,640	13,825,093	17.20

- (1) Inclusive of other financing uses.
- (2) PD expenditures exclude retroactive salary expenditures of approximately \$4.7 million for fiscal 2014.
- (3) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Exhibit PD-III
PD and General Fund (Unaudited) Expenditures – Chart ⁽¹⁾⁽²⁾⁽³⁾
Fiscal Years Ended June 30, 2014 to 2018



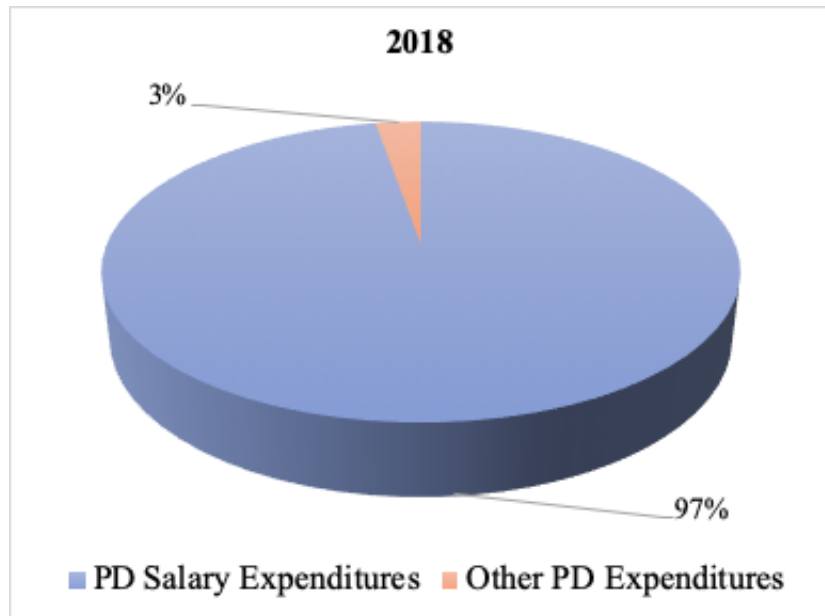
- (1) Inclusive of other financing uses.
- (2) PD expenditures exclude retroactive salary expenditures of approximately \$4.7 million for fiscal 2014.
- (3) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

As noted above, PD expenditures, excluding retroactive salary payments of approximately \$4.7 million during the 2014 fiscal year, grew at a slower rate than total General Fund Expenditures.

Salary Expenditures. Salary costs, excluding employee benefits, represent the largest annual expenditure of the PD. For 2018, salary related costs have accounted for more than 97% of total PD expenditures. To put it in a different perspective, approximately \$0.17 out of every dollar from the City's General Fund is spent on costs associated with PD salaries. Exhibit PD-IV highlights (unaudited) Police Department expenditures by category for the fiscal year ended December 31, 2018.

Exhibit PD-IV
PD Salary Expenditures as a Percentage ⁽¹⁾⁽²⁾
Fiscal Year Ended June 30, 2018



(1) Excludes employee benefits.

(2) Salary expenditures include: regular salaries, temporary salaries, overtime salaries, holiday salaries, retroactive salaries and night differential pay.

Source: The budgets of the City. The summary is not audited.

PD Revenues. The PD is able to generate revenues (predominantly) through the issuance of fines by uniformed and, on occasion, special officers. The largest source of fines relates to crime, parking, and traffic violations. Although generating revenue can help to offset PD related costs, the majority of the PD’s operational expenses are paid by appropriated General Fund revenues.

PD STAFFING

The Uniform Crime Reporting Program. The FBI’s Uniform Crime Reporting Program (the “UCR”) provides various forms of statistical data for more than 18,000 city, university and college, county, state, tribal, and federal law enforcement agencies across the United States. The program’s primary objective is to generate reliable information for use in law enforcement administration, operation, and management. Such information is used by criminologists, sociologists, legislators, municipal planners, the media, and forms the basis of the statistical information in this section (unless otherwise noted).

Police Personnel Statistics – (Reporting) New York Cities. For 2017, the most recent data available, the FBI’s UCR provided employment statistics for 58 cities in the State of New York, including the City. According to this data, for 2017, the PD retained 1 employee (uniformed and civilian) for every 388.17 City residents. Among the 58 reporting cities, staffing levels for the

Police Department ranked as the 25th highest in the State, which is essentially in the middle of the pack.

Exhibit PD-V provides a breakdown of personnel for each of the 58 reporting city police agencies in New York State.

Exhibit PD-V
New York State Cities – Police Employees Benchmark Analysis (2017)

City	Estimated Population	Estimated Police Employees	Total Officers	Total Civilians	Population/ Total Police Employees
1 Sherrill	3,045	3	3	0	1,015.00
2 Lakewood-Busti	7,326	11	10	1	666.00
3 Mechanicville	5,081	10	9	1	508.10
4 Glen Cove	27,400	55	51	4	498.18
5 Newark Village	8,878	18	17	1	493.22
6 Glens Falls	14,268	30	28	2	475.60
7 Batavia	14,711	31	28	3	474.55
8 Cohoes	17,007	36	32	4	472.42
9 Oneonta	13,967	30	24	6	465.57
10 Corning	10,751	24	20	4	447.96
11 Ithaca	30,875	71	64	7	434.86
12 Rome	32,200	75	73	2	429.33
13 Tonawanda	14,808	35	29	6	423.09
14 Lockport	20,369	49	47	2	415.69
15 Canandaigua	10,337	25	23	2	413.48
16 Amsterdam	17,737	43	40	3	412.49
17 Jamestown	29,562	72	62	10	410.58
18 Watervliet	10,100	25	24	1	404.00
19 Gloversville	14,832	37	34	3	400.86
20 Rye	16,021	40	35	5	400.53
21 Norwich	6,804	17	17	0	400.24
22 Cortland	18,735	47	44	3	398.62
23 Geneva	12,951	33	31	2	392.45
24 Little Falls	4,709	12	11	1	392.42
25 Long Beach	33,771	87	70	17	388.17
26 Beacon	14,212	37	35	2	384.11
27 Watertown	25,746	68	65	3	378.62
28 Schenectady	64,710	171	145	26	378.42
29 Peekskill	24,127	64	54	10	376.98
30 Auburn	26,686	72	66	6	370.64
31 Troy	49,644	134	123	11	370.48
32 Plattsburgh	19,742	54	47	7	365.59
33 New Rochelle	79,960	221	161	60	361.81
34 Hornell	8,213	23	22	1	357.09
35 Middletown	27,607	78	65	13	353.94
36 Olean	13,694	39	34	5	351.13
37 Saratoga Springs	27,962	80	69	11	349.53
38 Dunkirk	11,845	34	33	1	348.38
39 Johnstown	8,251	24	22	2	343.79

40 Utica	60,395	179	162	17	337.40
41 Ogdensburg	10,685	32	27	5	333.91
42 Oswego	17,510	53	47	6	330.38
43 Kingston	23,110	74	69	5	312.30
44 Newburgh	28,080	92	80	12	305.22
45 Binghamton	45,399	150	136	14	302.66
46 Rensselaer	9,331	31	26	5	301.00
47 Yonkers	201,554	689	607	82	292.53
48 White Plains	58,461	201	191	10	290.85
49 Syracuse	143,069	495	420	75	289.03
50 Port Washington	19,384	68	60	8	285.06
51 Niagara Falls	48,385	176	157	19	274.91
52 Mount Vernon	68,507	253	191	62	270.78
53 Buffalo	256,169	982	781	201	260.86
54 Port Jervis	8,527	33	32	1	258.39
55 Poughkeepsie	30,159	122	88	34	247.20
56 Albany	98,174	418	333	85	234.87
57 Rochester	208,591	889	761	128	234.64
58 New York	8,616,333	52,079	36,378	15,701	165.45

Source: The FBI's Uniform Crime Reporting Program (2017).

The Police Department – Budgeted Positions. According to the PD management, the 2019-20 Budget includes 70 sworn personnel. However, the current sworn force is operating with 65. The PD indicated they have fully vetted 5 candidates from other law enforcement agencies. Since the City would not be required to finance the cost of training these individuals, hiring these candidates would be more cost effective than untrained candidates.

Exhibit PD-VI shows a summary of PD employees for each of the fiscal years 2015 through 2019 and for 2020 as of December 2019.

Exhibit PD-VI
PD Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime PD Employees	Part-Time PD Employees	Seasonal PD Employees
2015	88	22	16
2016	86	19	17
2017	88	14	28
2018	87	14	29
2019	87	8	33
2020 ⁽¹⁾	84	N/A	N/A

(1) As of December 2019.

Source: City Officials.

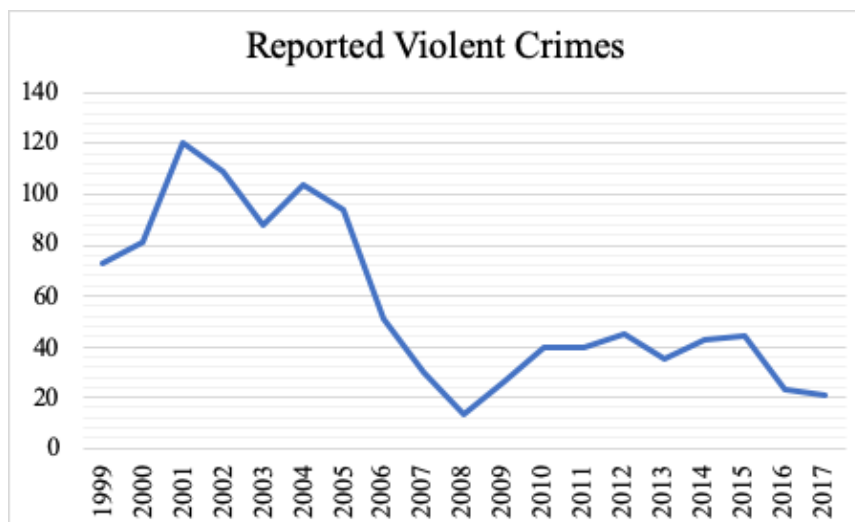
PD Overtime. In general, many police and public safety departments will utilize overtime to backfill vacant shifts, reach adequate staffing levels for 24-hour operations, and occasionally for other outside purposes such as community events. The 2020 budget of the City includes an appropriation of approximately \$1.2 million for PD related overtime. Nevertheless, over the past several years overtime has tracked between \$1.3 and \$1.4 million. As such, the amount budgeted for 2020 is likely insufficient. To meet this number the PD and the City will need to closely monitor the use of overtime to limit the potential for abuse.

ARRESTS AND CRIME RATES

Arrests. According to the FBI Crime Data Explorer, since 1999 violent crimes reported in the City have declined by approximately 71.2%. A logical next question is whether annual movement in City reported violent crimes follows a similar trajectory to that of the State and the Nation. Over the same period of time, violent crimes reported on a State and National level declined by approximately 39.3% and 24.7%, respectively. Thus, the rate of decline for the City was comparatively much greater.

Exhibit PD-VII provides a visual breakdown of reported violent crimes in the City between the years 1999 and 2017.

Exhibit PD-VII
Reported Violent Crimes in the City - 1999 Through 2017



Source: The FBI's Crime Data Explorer.

POLICE CONSOLIDATIONS

Structurally unsound budgets are perhaps the primary initiator behind public safety consolidations. These forms of consolidations have the ability to yield significant, quick and (generally) *recurring* financial savings but, undoubtedly, they must be carefully scrutinized and considered to ensure the public remains adequately protected.

Prior to the pursuit of a consolidation, the City should engage the services of a firm specializing in the field of public safety to develop a comprehensive feasibility study. At a minimum, the feasibility study should consider all direct and indirect impacts and further investigate all financial, legal, operational and public safety related issues. State Laws, Civil Service rules, union contracts, policies and procedures would all provide significant but not insurmountable hurdles. Potential impacts on response times would also need to be carefully evaluated and considered.

FORMS OF PUBLIC SAFETY CONSOLIDATIONS

Herein follows a condensed list of consolidation types which could be further explored.

- Multi-Departmental Merger
- County Provision of Services
- Partial or Full Consolidation of Dispatch and/or 911 Related Services
- Shared Service Agreements with Surrounding Jurisdictions
- Regional Collaboration

CONCEPTS OF CONSOLIDATION SAVINGS

Savings are generally realized in the form of cost reductions relating to salaries, overtime, benefits and other collective bargaining related issues relating to the collective bargaining agreements such as longevity and holiday pay. Additional benefits and cost reductions may be realized through the reduction of capital and operational expenditures and separation payments.

CASE STUDIES BY CONSOLIDATION TYPE

According to the International City/County Management Association (“ICMA”), a leading global association of professional city and county managers and other employees who serve local governments, shared service partnerships relating to the delivery of police services are not uncommon and, in fact, are routinely successful.

For instance, over the past several years, police mergers and various other forms of consolidation and shared service agreements have been successful all across New York State. Below are various highlights and brief case studies of successful consolidations in the State.

Departmental Consolidation Case Studies. Consolidation of Departments results in the elimination of one or more police forces. A consolidation may eliminate duplicative operational and administrative costs, expenditures for equipment, address different benefits of collective bargaining units and possibly provide enhanced New York State and/or Federal accreditation to the 'larger' department.

- *Erie County.* The Town of Evans and Village of Angola, in southwestern Erie County, consolidated their police departments, resulting in a total reduction of costs for police services, as well as providing enhanced services to Village and Town residents. The Town of Evans assumed responsibility for providing all police services. Approximately \$350,000 was eliminated from the *annual* Village Budget.
- *Ulster County.* The Town and Village of Saugerties studied and consolidated their police departments. Village residents approved dissolution of the police department by almost a 2 to 1 margin in March of 2010 and the consolidation took effect on January 1, 2011. Five years after consolidation, the benefits include improved police services to all residents with significant savings for Village taxpayers, police department accreditation and a 2016 police budget that remains less than the combined 2011 town and village budgets.

County Provision of Services Case Studies. County Police Departments perform a host of services, such as policing and dispatch/911 operations, formerly performed by individual municipalities. Consolidating certain services with the County would eliminate the cost of providing service for individual municipalities involved, assist in creating a more unified countywide system but may require software and interpersonal training to ensure technology is properly integrated.

- *Warren County.* Warren County encompasses a total of one city, eleven towns and one village. With the exception of the City of Glens Falls, and a minute number of part-time peace officers, all of these jurisdictions have merged their police forces with the Department of the County Sheriff. The consolidation resulted in significant saving to the smaller jurisdictions and allowed for the Department of the County Sheriff to take advantage of the resources available to a much larger public safety agency.
- *Westchester County.* The Village of Mount Kisco implemented a consolidation of its Police Department into the Westchester County Public Safety Department. Village officials anticipate savings totaling approximately \$2.4 million over the initial 5-year term of the County contract.

Consolidation of Dispatch or 911 Operations Case Studies. Consolidation of emergency dispatch and 911 operations can result in the functional elimination of one or several Public Safety Answering Points, thereby eliminating the costs associated with providing such services for involved jurisdictions. In addition, consolidation can lead to a larger more unified system.

- *Genesee County.* A consolidation of dispatch related operations occurred between the City of Batavia and the Genesee County Sheriff's Office. The result was the development of a new and technologically advanced facility that was able to unify all systems on a countywide basis. The savings realized by the City of Batavia equate to approximately \$300,000 annually.
- *Schenectady County.* The County of Schenectady created a Unified Communications Center as a means to consolidate the less advanced dispatch centers across the county. According to information provided by New York State, the new facility reduced the required number of dispatcher consoles from 18 to 12, as well as the need for equipment upgrades and maintenance costs. Additional benefits include a streamlined supervisory structure and standardized training.

Shared Service Case Studies. Shared services provide for a way to avoid duplicative expenditures.

- *Westchester County.* The Town of Greenburgh and the Village of Dobbs Ferry in Westchester County agreed to share their investigative operations, allowing the Village to eliminate one officer's position.

Regional Planning. Although not overly applicable to the City at this time, regional planning involves a major consolidation of police services spanning across several jurisdictions, such as an entire county. This form of consolidation eliminates large capital costs associated with individually building or rehabilitating facilities.

- *Upstate New York.* The Central New York Interoperable Communications Consortium, inclusive of the counties of Cayuga, Jefferson, Lewis, Madison, Onondaga and Oswego Counties, created a plan to sustain the highest quality, most efficient and cost-effective public safety emergency communications system for the residents of the partner counties. The study considered cost savings that could be realized through shared services or consolidation of radio maintenance, next generation 911, computer aided dispatch, back-up capabilities, and the consolidation of public safety answering points.

COST AND SAVING CONSIDERATIONS

The intention of this Analysis is purely to identify cost savings options for further consideration by City Officials and the Council. Cost implications of consolidating some or all City Police services cannot be determined until a form of consolidation has been selected and a full feasibility study has been completed. Nevertheless, based on data reviewed from other consolidations, it is estimated that a consolidation could result in annual savings well in excess of \$1 million and perhaps as much as several million dollars annually.

NEXT STEPS OF CONSOLIDATION CONSIDERATIONS

Below is a summary of next steps that were deemed to be a logical starting point should the City and the Council elect to further investigate a functional police consolidation.

- Engage in conversations with Nassau County or other surrounding police agencies to ensure all decision makers have an understanding of all applicable facts and issues.
- Issue a competitive request for proposals (“RFP”) so that a qualified firm can be selected to conduct a formal feasibility study. As previously noted, at a minimum, the feasibility study should consider all direct and indirect impacts and further investigate all financial, legal, operational and public safety related issues. State Laws, Civil Service rules, union contracts, policies and procedures would all provide significant but not insurmountable hurdles. Potential impacts on response times would also need to be carefully evaluated and considered. Additional legal options should also be sought after.
- Obtain firm cost and service proposal from the police agency that would be assuming police activities in the City.
- Determine if the cost savings validate efforts to proceed with a consolidation. Please note, this will include a public hearing.
- If the feasibility study confirms the consolidation to be cost beneficial and the Council elects to move forward with the consolidation, a consolidation committee including representatives from all participating agencies should be created. The committee should meet regularly to evaluate, discuss and make recommendations relating to the consolidation.

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PD RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the PD. Below is a list of the primary findings and recommendations:

Recommendation –Police Department I:

Install License Plate Readers

Police officials indicated they believe the installation of license plate readers at strategic locations could result in annual net revenue of approximately \$40,000. In addition, the readers would assist the PD in its ability to safeguard residents. In conjunction with the City Manager, the PD should further investigate this initiative.

Recommendation –Police Department II:

Determine Appropriate Police Staffing Requirements

In conjunction with the City Manager and City Comptroller, the PD should determine the optimal number of police employees (including civilian positions) based on cities that are comparable in size to the City.

Determining an appropriate level of staffing in the PD has the potential to reduce costs, improve efficiency levels, and will foster interdepartmental cooperation. This does not necessarily mean reductions. Nevertheless, staff reductions should be carefully considered on a targeted basis to mitigate complex and costly contractual matters. Given the overall age of the PD workforce, staffing levels can likely be reduced through attrition. An aggressively promoted retirement program could be motivating, particularly as most labor contracts are approaching expiration.

In addition, the Department should consider instituting a system of performance measures in connection with the primary functions of civilian positions. The establishment of such measures would help to ensure the work demands of these positions are both understood and reviewed regularly. Continual review of primary civilian functions may assist in determining whether there are technological advances which could improve the PD administrative processes with fewer personnel having to be assigned.

Recommendation –Police Department III:

Implement Measures to Control Overtime

Given the current fiscal condition of the City, the PD will need to strategically manage its resources and reduce overtime.

If the City is not able to return to a position of fiscal stability in the near future, the PD will likely be one of the first departments impacted. In general, severe budgetary limitations result in administrative pressure to reduce expenditures. However, since personnel costs and employee benefits represent the largest annual expenditure of the PD, such pressures may come in the form of staffing reductions or further reductions to overtime. The PD should make preparations for discussions with employees should a choice need to be made.

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DEPARTMENT OF THE PUBLIC RELATIONS

DEPARTMENT MISSION

The mission of the Department of the Public Relations (“PR”) is responsible for keeping residents informed and promoting the City.

Source: The 2019-20 Budget of the City.

PR FUNCTIONS AND SERVICES

The PR manages the planning, development, and dissemination of City messages across various media and related platforms, including but not limited to:

- Newspaper
- Radio / audio recordings
- Signs and posters
- Social media
- Emails and text alerts

In this capacity, the PR maintains the City’s website & managed any social media management posts.

The PR also acts as the City’s link to keeping its residents informed with respect to City programs, events, and various other matters of public interest.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

Departmental Supervision. In accordance to the City Charter, the day-to-day operations of the PR are overseen by a Director who is supported by a relatively small staff of employees.

PR STRENGTHS AND OPPORTUNITIES

Based on various departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the PR.

- *Qualified and Committed Leadership.* The Director of the PR appears to be well qualified to oversee the functions of the Department.
- *Up To Date With Social Technologies.* Based on interviews with key PR employees, the PR seems to well manage the City’s website and posts to its social media account.

PR WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within PR.

- *Workforce Composition:* The PR is lightly staffed which can result in a time management difficulty.
- *Antiquated Time and Attendance System:* Like several other City Departments, the PR utilizes an antiquated system to track time and attendance. The City's present system is considered to be inefficient and increases the probability of employee abuse.

PR FINANCES

General Expenditures. The operations of PR are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the PR, on average, has accounted for 0.26% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit PR-II highlights the (unaudited) annual expenditure pattern of the PR for the fiscal years ended June 30, 2014 through 2018.

Exhibit PR-II
PR and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	PR Expenditures ⁽²⁾	% PR Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$151,395	0.20%
2015 (Unaudited)	74,923,356	176,887	0.24
2016 (Unaudited)	76,927,053	173,938	0.23
2017 (Unaudited)	78,485,627	309,880	0.39
2018 (Unaudited)	80,372,640	211,751	0.26

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

PR Revenues. Although the PR certainly is responsible to drive various sources of revenue to the City, the Department itself does not collect revenue.

PR RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the PR. Below is a list of the primary findings and recommendations:

Recommendation – Public Relations I

Expand Marketing Initiatives Which Could Increase Revenue

As the voice of the City, the PR should work in conjunction with the City manager to identify marketing initiatives that could increase City revenues. These initiatives should be focused, primarily, on the enhancement of recurring or new revenue sources.

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DEPARTMENT OF PUBLIC WORKS

DEPARTMENT MISSION

The mission of the Department of Public Works (“DPW”) is as follows:

The DPW serves as the infrastructure arm of the City. The goal of the DPW is to provide timely and effective critical services throughout the City and maintain a high quality of life for all of the City’s residents and visiting guests.

DPW is instrumental to the City’s mission to rebuild Long Beach stronger, smarter, and safer in the wake of Superstorm Sandy, by keeping resiliency and sustainability in mind to protect the City’s residents from future storms.

Source: The 2019-20 Budget of the City.

DEPARTMENT DIVISIONS

The DPW provides a wide range of infrastructure-based services throughout the City and specializes in the planning, design, and construction oversight of public projects. The DPW provides a wide range of services to residents and stakeholders through the following Divisions:

- Division of Sewer Maintenance
- Division of Beach Maintenance
- Division of Sanitation
- Division of Street Maintenance
- Municipal Building Division
- Division of Water Transmission
- Water Purification
- Water Pollution Control
- Municipal Building

Comprehensive writeups for each Division, inclusive of recommendations, are provided later in this section.

DEPARTMENT HEAD

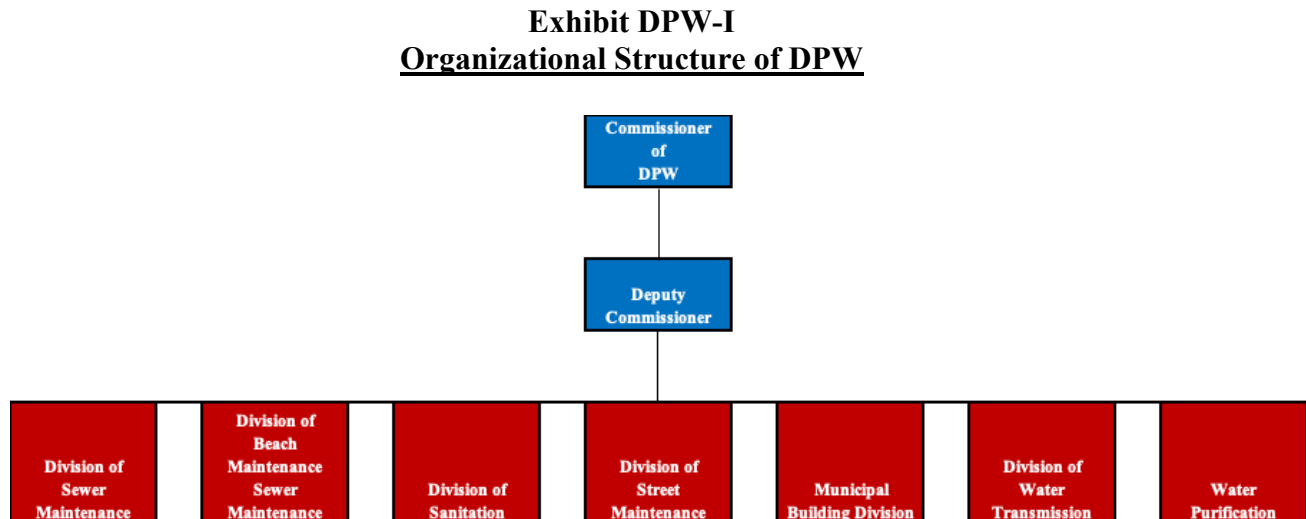
In accordance with the Charter, the Commissioner of Public Works (the “Commissioner”) acts as the general manager and supervisor of DPW operations. The Commissioner is appointed on the basis of experience and other qualifications.

The Commissioner may appoint, subject to the approval of the City Manager, such deputies, clerks and assistants as may be necessary. Such appointments will require the approval of the Council. The City Engineer shall, under the supervision of the Commissioner and City Manager, have charge of and do all the civil engineering for the DPW.

ORGANIZATIONAL STRUCTURE.

Due to the multiple disciplines overseen by the Commissioner of Public Works, the Commissioner is assisted by key staff members in each of the DPW's divisions/subdivisions, including the City Engineer and any Deputy Commissioners. Tasks are delegated to the divisions/subdivisions through the DPW's administrative division and are based on areas of expertise.

Exhibit DPW-I portrays the organizational structure of the DPW:



Source: City Officials.

GENERAL STAFFING CONCERNS

During focused interviews with key DPW officials' various concerns were discussed relating to the optimal deployment of staff. Given the multitude of specialized functions handled by the DPW, complexities can easily arise even when just a few staff members are absent. DPW employees are responsible for the daily maintenance of the City's fleet, repair streets, preserve parks and foliage, collect waste, amongst several other tasks and since job functions were designed to be task specific, it remains difficult for staff members to easily transition between DPW divisions/subdivisions. Nevertheless, despite the aforementioned deployment obstacles, management believes that staffing levels are adequate in certain divisions, while others (such as Sanitation) are severely lacking. This matter should be more closely evaluated by the DPW and the City.

DPW Recommendation I – Staffing Pool. A comprehensive review of operational functions to ensure that staff members are properly aligned and that tasks are broadly enough defined to allow for a certain level of overlap between positions would be beneficial. The DPW should work with the City Manager and Corporation Counsel to develop a comprehensive workforce analysis. Depending on the findings of the analysis, the DPW may want to consider the creation of a labor pool which would allow for employees to travel between divisions/subdivisions as required for adequate coverage on a day-to-day basis.

DPW COLLECTIVE BARGAINING

During July of 2018, the City approved a contract with its largest collective bargaining unit, the Civil Service Employees Association (“CSEA”), which represents employees in a variety of departments including the DPW. The contract will remain in effect until June 30, 2025.

The contract included various annual salary increases and requires the City to pay the full cost of premiums of the New York State Health Insurance Empire Plan coverage for all employees hired on or before July 2018. Although the cost of the insurance premiums for existing employees will be significant, the contract also included a provision requiring employees hired after June 2018 to contribute 10% of the total premium in years one through four of employment and the 15% of total premiums after five years of service. As noted by the FRB in their comprehensive review of the City, it will take time for this clause to produce significant savings, but the future value to the City will be significant.

DIVISIONAL SUMMARIES

Division of Beach Maintenance. Beach Maintenance provides year-round maintenance of the boardwalk and 3.3 miles of City owned beaches. They oversee the preservation of 2.2 miles of boardwalk while also conducting seasonal plantings of malls, trees and gardens. They play an active role in the preparation and cleanup of all storms and weather-related incidents that affect the City. Beach Maintenance somewhat overlaps with the Building Maintenance Division. Overall, the Division appeared to be well run.

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by Beach Maintenance. Below is a list of the primary findings and recommendations:

Beach Maintenance Finding I – Irregular Workflow: Not surprisingly, as result of the summer beach season the workflow of Beach Maintenance is highly seasonal. On a year round basis, the Division employs approximately 40 individuals in a fulltime capacity and 7 part-timers. During the summer months (May 1st through early September) the workforce is increased by 50 seasonal employees. Nonetheless, Senior Management believes the workforce to be knowledgeable and reliable.

Beach Maintenance Finding II – Equipment Needs: Management indicated several vehicles and pieces of small remain in operation even though they have exceeded their life expectancy. As such, Beach Maintenance staff has not been able to keep up with the current demand of the aged fleet and several vehicles remain out of operation. As an example, Management made note of a payloador which is currently being rented since the City owned unit is non-functional at this time. Beach Maintenance, and the DPW overall, would benefit from conducting a lifecycle analyses on vehicles and equipment. As equipment ages maintenance costs increase while resale values decrease. Optimizing the lifecycle of assets is a best practice and could significantly reduce unnecessary future costs to the City.

Beach Maintenance Staffing Trends. Exhibit DPW-II shows a trend of Beach Maintenance employees for each of the fiscal years 2015 through 2019 and 2020 as of December 2019.

Exhibit DPW-II
Beach Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Beach Maint. Employees	Part-Time Beach Maint. Employees	Seasonal Beach Maint. Employees
2015	23	4	56
2016	23	3	28
2017	21	6	54
2018	22	10	41
2019	23	13	38
2020 (1)	24	10	N/A

(1) As of December 2019.

Source: City Officials.

Beach Maintenance General Expenditures. The operations of Beach Maintenance are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Beach Maintenance, on average, has accounted for 2.76% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-III highlights the (unaudited) annual expenditure pattern of the Beach Maintenance for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-III
Beach Maintenance and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	Beach Maintenance Expenditures ⁽²⁾	% Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$1,846,554	2.49%
2015 (Unaudited)	74,923,356	2,100,530	2.80
2016 (Unaudited)	76,927,053	2,052,562	2.67
2017 (Unaudited)	78,485,627	2,366,722	3.02
2018 (Unaudited)	80,372,640	2,256,106	2.81

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Municipal Building Division. The Municipal Building Division is responsible for building maintenance and repairs of all City properties. They handle heating, ventilation, and air conditioning; oversee all building mechanical equipment; and maintain the grounds at City Hall and Kennedy Plaza. As previously noted, the responsibilities of Building Maintenance somewhat overlap the Beach Maintenance Division. There are presently 27 properties under the Divisions care

Municipal Building Staffing Trends. Exhibit DPW-IV shows a trend of Municipal Building employees for each of the fiscal years 2015 through 2019 and 2020 as of December 2019.

Exhibit DPW-IV
Municipal Building Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Municipal Building Employees	Part-Time Municipal Building Employees
2015	4	4
2016	3	4
2017	5	2
2018	5	1
2019	4	1
2020 ⁽¹⁾	4	1

(1) As of December 2019.

Source: City Officials.

Municipal Building General Expenditures. The operations of Municipal Building are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Municipal Building, on average, has accounted for 1.27% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

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Exhibit DPW-V highlights the (unaudited) annual expenditure pattern of the Municipal Building for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-V
Municipal Building and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	Municipal Building Expenditures ⁽²⁾	% Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$1,100,070	1.48%
2015 (Unaudited)	74,923,356	1,016,318	1.36
2016 (Unaudited)	76,927,053	813,397	1.06
2017 (Unaudited)	78,485,627	951,611	1.21
2018 (Unaudited)	80,372,640	995,153	1.24

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Division of Sewer Maintenance. Sewer Maintenance is responsible for providing and maintaining the City's sewer services, including approximately 55 miles of lines. This includes repairing the sanitary collection systems and manholes, cleaning storm drains and catch basins and responding to emergency situations as needed. During the winter months, Sewer Maintenance also undertakes the critical duties of snow and ice removal from City streets.

The Sewer Maintenance workforce consists of 10 fulltime union employees and 3 part-time non-union employees. The City is presently in the process of consolidation its municipal sewer system with Nassau County. Although still several years away, as result of the consolidation it is expected that the City will cease to operate its Sewer Maintenance Division at a future date. Sewer Maintenance employees that were hired prior to the execution of the intermunicipal agreement will be absorbed into the County's workforce. Nevertheless, the consolidation has negatively impacted morale in the Division's current workforce.

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Sewer Maintenance Staffing Trends. Exhibit DPW-VI shows a trend of Sewer Maintenance employees for each of the fiscal years 2015 through 2019 and 2020 as of December 2019.

Exhibit DPW-VI
Sewer Maintenance Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Sewer Maintenance Employees	Part-Time Sewer Maintenance Employees	Seasonal Sewer Maintenance Employees
2015	9	4	1
2016	9	4	2
2017	9	3	2
2018	10	1	2
2019	10	1	2
2020 ⁽¹⁾	10	3	N/A

Source: City Officials.

Sewer Maintenance General Expenditures. The operations of Sewer Maintenance are financed primarily through the Sewer Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Sewer Maintenance, on average, has accounted for 13.68% of Sewer Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-VII highlights the (unaudited) annual expenditure pattern of the Sewer Maintenance for the fiscal years ended June 30, 2014 though 2018.

Exhibit DPW-VII
Sewer Maintenance and Sewer Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	<u>Sewer Fund</u> Expenditures ⁽¹⁾	Sewer Maintenance Expenditures ⁽²⁾	% Exp. to <u>Sewer Fund</u> Exp.
2014 (Unaudited) ⁽²⁾	\$4,773,019	\$692,884	14.52%
2015 (Unaudited)	5,065,184	712,064	14.06
2016 (Unaudited)	5,383,185	757,679	14.07
2017 (Unaudited)	5,701,620	752,647	13.20
2018 (Unaudited)	6,014,569	755,985	12.57

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

The Division of Street Maintenance. Street Maintenance works daily to keep 58 lane miles of City streets clean and safe. Street Maintenance is responsible for water and sewer restorations, pothole repairs and road preparation. Tasks of Street Maintenance are monitored by the

Superintendent. The staff presently consists of 18 fulltime employees and approximately 20 part-time employees.

Street Maintenance Staffing Trends. Exhibit DPW-VIII shows a trend of Street Maintenance employees for each of the fiscal years 2015 through 2019 and 2020 as of December 2019.

Exhibit DPW-VIII
Street Maintenance Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Street Maintenance Employees	Part-Time Street Maintenance Employees	Seasonal Street Maintenance Employees
2015	17	5	23
2016	20	4	14
2017	17	3	23
2018	18	4	10
2019	18	5	13
2020 ⁽¹⁾	18	13	N/A

(1) As of December 2019.

Source: City Officials.

Street Maintenance General Expenditures. The operations of Street Maintenance are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Street Maintenance, on average, has accounted for 2.40% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

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Exhibit DPW-IX highlights the (unaudited) annual expenditure pattern of the Street Maintenance for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-IX
Street Maintenance and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	Street Maintenance Expenditures ⁽²⁾	% Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$1,795,882	2.42%
2015 (Unaudited)	74,923,356	2,368,822	3.16
2016 (Unaudited)	76,927,053	1,941,585	2.52
2017 (Unaudited)	78,485,627	1,610,506	2.05
2018 (Unaudited)	80,372,640	1,459,044	1.82

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

The Division of Sanitation. Sanitation is responsible for carrying out the City's sanitation services and ensuring City streets stay clean. The Division provides a Citywide recycling program and offers bulk pickup services to residents. At the start of the year the Division transitioned to single stream recycling.

Sanitation Staffing Trends. Exhibit DPW-X shows a trend of Sanitation employees for each of the fiscal years 2015 through 2019 and for 2020 as of December 2019.

Exhibit DPW-X
Sanitation Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Sanitation Employees	Part-Time Sanitation Employees	Seasonal Sanitation Employees
2015	26	14	11
2016	26	14	11
2017	25	18	11
2018	24	15	7
2019	22	15	8
2020 ⁽¹⁾	23	25	N/A

(1) As of December 2019.

Source: City Officials.

Sanitation General Expenditures. The operations of Sanitation are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Sanitation, on average, has accounted for 5.35% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-XI highlights the (unaudited) annual expenditure pattern of the Sanitation for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-XI
Sanitation and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	Sanitation Expenditures ⁽²⁾	% Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$4,041,094	5.45%
2015 (Unaudited)	74,923,356	3,871,857	5.17
2016 (Unaudited)	76,927,053	4,232,564	5.50
2017 (Unaudited)	78,485,627	4,221,497	5.38
2018 (Unaudited)	80,372,640	4,237,217	5.27

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Division of Water Transmission. Water Transmission is responsible for the maintenance and repair of the City's fire hydrants, water mains and water transmission infrastructure.

Water Transmission Staffing Trends. Exhibit DPW-XII shows a trend of Water Transmission employees for each of the fiscal years 2015 through 2019 and for 2020 as of December 2019.

Exhibit DPW-XII
Water Transmission Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Water Transmission Employees	Part-Time Water Transmission Employees	Seasonal Water Transmission Employees
2015	9	0	0
2016	9	0	0
2017	9	0	0
2018	9	0	0
2019	9	0	2
2020 ⁽¹⁾	9	2	N/A

(1) As of December 2019.

Source: City Officials.

Division of Water Purification. Water Purification regulates the City’s water supply and is responsible for the purification of the water system. The Division monitors seven wells located throughout the City, which pump water from the Lloyd Aquifer. They also conduct hourly tests to guarantee pureness and to assure that all Federal and State standards are maintained. The state Department of Environmental Conservation (“DEC”) closely monitors the plant and the Nassau County Department of Health also tests the quality of the water daily. The Division includes 10 fulltime employees.

Water Purification Staffing Trends. Exhibit DPW-VIII shows a trend of Water Purification employees for each of the fiscal years 2015 through 2019 and for 2020 as of December 2019.

Exhibit DPW-VIII
Water Purification Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Water Transmission Employees	Part-Time Water Transmission Employees
2015	10	0
2016	10	0
2017	10	0
2018	10	0
2019	10	0
2020 ⁽¹⁾	9	1

(1) As of December 2019.

Source: City Officials.

Water Purification Water Fund Expenditures. The operations of Water Purification are financed primarily through the Water Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Water Transmission, on average, has accounted for 24.16% of Water Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

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Exhibit DPW-XIV highlights the (unaudited) annual expenditure pattern of the Water Purification for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-XIV
Water Purification and Water Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	<u>Water</u> Fund Expenditures ⁽¹⁾	<u>Water</u> Transmission Expenditures ⁽²⁾	<u>% Exp.</u> to <u>Water</u> Fund Exp.
2014 (Unaudited) ⁽²⁾	\$4,026,864	\$1,126,453	27.97
2015 (Unaudited)	5,027,234	1,300,390	25.87
2016 (Unaudited)	5,364,051	1,236,128	23.04
2017 (Unaudited)	5,316,711	1,168,548	21.98
2018 (Unaudited)	5,310,622	1,166,032	21.96

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

Division of Water Pollution Control. The Division of Water Pollution Control is responsible for the treatment of all sewage generated from within the City and a portion of Lido Beach. The Division is closely monitored by the Department of Environmental Conservation. Daily tests are conducted to assure compliance with Federal and State mandates.

Water Pollution Control Staffing Trends. Exhibit DPW-XV shows a trend of Water Pollution Control employees for each of the fiscal years 2015 through 2019 and for 2020 as of December 2019.

Exhibit DPW-XV
Water Pollution Control Employment Trends
Fiscal Year June 30, 2015 Through 2020 ⁽¹⁾

FY Ending Jun 30:	Fulltime Water Pollution Control Employees	Part-Time Water Pollution Control Employees
2015	7	1
2016	9	1
2017	9	1
2018	11	0
2019	11	0
2020 ⁽¹⁾	10	0

(1) As of December 2019.

Source: City Officials.

Water Pollution Control General Expenditures. The operations of Sewer Maintenance are financed primarily through the Sewer Fund. According to actual (unaudited) expenditures provided in prior City budgets, the Water Pollution Control, on average, has accounted for 27.50% of Sewer Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-XVI highlights the (unaudited) annual expenditure pattern of the Water Pollution Control for the fiscal years ended June 30, 2014 through 2018.

Exhibit DPW-XVI
Water Pollution Control and Sewer Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	<u>Sewer</u> Fund Expenditures ⁽¹⁾	Water Pollution Control Expenditures ⁽²⁾	% Exp. to <u>Sewer</u> Fund Exp.
2014 (Unaudited) ⁽²⁾	\$4,773,019	\$1,369,474	28.69%
2015 (Unaudited)	5,065,184	1,378,003	27.21
2016 (Unaudited)	5,383,185	1,517,023	28.18
2017 (Unaudited)	5,701,620	1,535,984	26.94
2018 (Unaudited)	6,014,569	1,593,571	26.50

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

DPW RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the DPW. Below is a list of the primary findings and recommendations:

Recommendation –Public Works I:

Beach Maintenance – Further Explore Vendor Event Contributions

During the summer months it is the responsibility of Beach Maintenance to staff to setup and breakdown various events that are held at beach locations. These events can stress the workforce and also significantly increase overtime expenditures. Vendors have typically not been required by the City to contribute to these increased costs. Beach Maintenance and the DPW should work with the City Manager and Corporation Counsel to determine an appropriate methodology for vendors to subsidize the additional costs borne by the City.

Recommendation –Public Works II:

Building Maintenance – Further Explore Vendor Event Contributions

As noted, there are presently 27 properties under the Divisions care. It was indicated that several of these properties are rapidly aging and will require significant investment in future years.

Building Maintenance should work with the DPW Commissioner, City Manager and the City Comptroller in order to construct a detailed and sustainable capital improvement plan relative to City owned buildings and properties. Although the City does maintain an annual Capital Improvement Plan, this would be more specific to City properties. Building Maintenance will be pivotal in assisting with the identification and prioritization of the projects included in the plan. The development of this plan is critical to the fiscal health of the City. As projects become emergencies, repair costs will rapidly escalate and the City loses flexibility with related decisions.

Recommendation –Public Works III:

Building Maintenance – Investigate the Feasibility of Selling of the Gun Range Property

Although CMA has not completed a formal review of the Gun Range, Beach Maintenance officials indicated it may be possible to sell the property. Given the current fiscal conditions of the City, it would be prudent to assess the feasibility of selling this asset.

Recommendation –Public Works IV:

Street Maintenance – Reduce Uniform Costs

Street Maintenance officials believe there presently exists an opportunity to lower the cost associated with employee uniforms. In conjunction with the City Manager, this opportunity should be further reviewed for feasibility.

Recommendation –Public Works V:

Sanitation – Analyze Methods to Regulate Private Haulers

Several commercial properties in City limits have commenced the usage of private sanitation costs as result of their comparatively lower costs. This is a major impediment to Sanitation. There is no effective way to differentiate City pickups and private pickups. Thus, Sanitation often ends up inadvertently servicing these entities with no compensation. Although looked at several years ago, the City could require the purchase of specific receptacles to differentiate the patrons of private carters. Bags would not be appropriate for this purpose as they can be easily torn by birds and animals, which would cause additional problems.

As an alternative, Sanitation should also work with the City Manager and Corporation Counsel to determine a methodology and approach to ticketing private companies who do not timely pickup waste.

Recommendation –Public Works VI:

Sanitation – Analyze Sanitation Workforce for Rightsizing Opportunities

Sanitation is operated by approximately 47 employees, 23 of which work on a part-time basis. Management throughout the DPW identified Sanitation as being severely understaffed. Management believes the proper number of employees, assuming part-timers usage continues, would be in the range of 55 to 60 individuals. As an alternative, the fulltime staffage levels could be increased which would reduce the usage of part-time employees. Due to the low wages offered to part-time employees, Sanitation often has trouble filling these part-time rolls. The candidates

are often either very young and unable to perform their duties due to the physical requirements or have had some sort of legal troubles in their past. In addition, several of the long-term part-timers have remained on the job with the hopes that they will at some point be transitioned to a fulltime capacity. In most instances this has not been the case and as result employee morale is negatively impacted.

In conjunction with the City Manager and Comptroller, Sanitation and the DPW should conduct an analysis to determine if staffing levels are adequate, an appropriate level of overtime, and optimal scheduling practices. The analysis should draw on data from similar sized cities to form a base for comparison purposes.

Labor related expenses constitute a significant portion of the Sanitations annual operating budget. As such, developing a proactive approach to these costs would benefit Sanitation.

Recommendation –Public Works VII:

Sanitation – Conducted a Capital Needs Assessment Relating to Sanitation Equipment

The Sanitation fleet consists of 13 trucks, 8 of which are typically operational at any given time. Management indicated that typical useful life of a truck is approximately 7 to 8 years, assuming preventative maintenance is timely completed. Certain Sanitation trucks are currently over 15 years old. Sanitations fleet is rapidly aging and has required a significant amount of attention and resources. The downtime of these trucks can sometimes extend over months according to Management. Effective management of vehicles is crucial to the fiscal health of the Sanitation and, generally, the City overall.

Special Note: The City passed a resolution on December 3, 2019 to purchase 6 new 25 yard garbage trucks.

Recommendation –Public Works VIII:

Sanitation – Reduce Tipping Fee Costs

DPW and Sanitation management indicated the current waste management agreement is set to expire in the near future. Currently the tipping fee, per ton, is approximately \$95. By switching providers Management believes the fee may be lowered by approximately \$10 per ton of waste. The cost savings could be significant, and this opportunity should be closely reviewed and discussed with the Comptroller.

Special Note: As of February 2020, City management has indicated that new contracts have been signed and they presently expect approximately \$1.0 million in (total) savings will be realized over the next five years.

Recommendation –Public Works IX:

Water Transmission – Explore Lead Service Grant Opportunity

Water Transmission Management indicated there is presently a grant opportunity in the amount of approximately \$614,000 for the replacement of various types of line and equipment. The

program covers materials and also costs related to. In conjunction with the City Manager and DPW Commissioner, Water Transmission should ensure grant funds are strategically and effectively utilized.

Recommendation –Public Works X:

Water Purification – Develop a Supply Plan in the Event of Salt Water Intrusion

The Water Purification plant seems well operated. Nevertheless, its management indicated the biggest threat is the possibility of saltwater intrusion. Given the location of the plant, this is somewhat of a unique concern. Future intrusion could result in significant costs to the City. As such, Water Purification should work with the DPW Administration to ensure there are adequate strategic plans in place to avoid such a catastrophe.

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DEPARTMENT OF PURCHASING

DEPARTMENT MISSION

The mission of the Department of Purchasing (“DP”) is as follows:

The DP is committed to providing the necessary resources that establish a foundation for quality goods and services to the City as well as the vendor community, and seeks to secure such for the City’s various departments in a timely and cost-effective manner, while ensuring that all purchasing actions are conducted fairly, impartially, and openly.

Source: The 2019-20 Budget of the City.

DP FUNCTIONS AND SERVICES

The DP is responsible for all purchasing of services and commodities throughout the City. The general responsibilities of the DP include, but are not limited to, the following:

- Review of Purchase Orders to Ensure Compliance with City Procurement Policies and Procedures
- Issuance of Purchase Orders
- Issuance of Bid Requests, Requests for Proposals and the Review of the Submitted Bids and Proposals
- Processing of Various Payments

Due to the nature of its tasks, the DP must actively collaborate with other City departments and management.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the DP is minimal and comprised of fulltime Purchasing Agent and a fulltime clerk.

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DP Staffing Trends. Exhibit DP-I shows a trend of fulltime and part-time DP staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit DP-I
DP Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	DP Fulltime Employees	DP Part-Time Employees
2015	1	1
2016	1	1
2017	1	1
2018	2	0
2019	2	0
2020 ⁽¹⁾	2	0

(1) As of December 2019.

Source: City Officials.

DP STRENGTHS AND OPPORTUNITIES

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the DP.

- *Peer Communication.* The staff of DP actively communicates and collaborates with other peer jurisdictions.
- *Continuing Education.* Both fulltime employees of the DP are active members of the New York State Association of Municipal Purchasing Officials (referred to as “SAMPO”). Management indicated they annually attend SAMPO conferences and meeting in order to stay current with industry trends.

DP WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within DP.

Procurement process is lengthy and not centralized

- *Lengthy Decentralized Procurement Process.* The procurement process is antiquated and could be streamlined through the use of technology and automation. Although, this was not identified as an obstacle in the focused interview with the DP, it was acknowledged by several other key department heads during their focused interviews. There is a pressing need for the DP to streamline the procurement and purchasing process.

- *Outdated Procurement Policy and Procedures Manual.* The Procurement Policy and Procedures Manual should be reviewed and revised, as deemed necessary, at a minimum of once a year. However, the existing procurement policy is dated April of 2017. DP management attributed the dated manual to frequent administrative changes.

DP FINANCES

General Expenditures. The operations of DP are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the DP, on average, has accounted for 0.19% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DP-II highlights the (unaudited) annual expenditure pattern of the DP for the fiscal years ended June 30, 2014 through 2018.

Exhibit DP-II
DP and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	DP Expenditures ⁽²⁾	% DP Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$122,937	0.17%
2015 (Unaudited)	74,923,356	133,315	0.18
2016 (Unaudited)	76,927,053	159,596	0.21
2017 (Unaudited)	78,485,627	166,427	0.21
2018 (Unaudited)	80,372,640	163,349	0.20

(1) Inclusive of other financing uses.

(2) Excludes employee benefits.

Source: The budgets of the City. The summary is not audited.

DP RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the DP. Below is a list of the primary findings and recommendations:

Recommendation –Purchasing I:

Streamline and Automate the Procurement and Purchase Process

To mitigate the practice whereby other City departments, initiate their own procurements without proper adherence to existing procurement rules, the DP should:

- *Streamline the procurement process by developing a procurement flow chart aimed at reducing the number of contact points that a document must be physically routed through and reviewed;*

- *Implement a graduated procurement system that gives more financial and procurement authority to key departmental heads.*

Recommendation –Purchasing II:

Review and Revise the Procurement Policy and Procedures Manual.

In conjunction with the City Manager and Corporation Counsel, the DP should review and revise the Procurement Policy and Procedures Manual. The manual should then be presented to the Council for their consideration.

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DEPARTMENT OF TAX ASSESSMENT

DEPARTMENT MISSION

The mission of the Department of Tax Assessment (“DTA”) is as follows:

The DTA is responsible for the inspection, data collection and valuation of all real property within the City and administers programs that grant property tax exemptions to eligible individuals and organizations.

Source: The 2019-20 Budget of the City.

DTA FUNCTIONS AND SERVICES

The DTA performs all of the duties in relation to the assessment of real property within the City and possess all of the powers related thereto. The DTA is governed by and operates under requirements provided by the Real Property Tax Law.

Below is a summary of responsibilities carried out by the Tax Assessor and the DTA:

- Valuing real property within City limits
- Establishing and maintaining a fair and equitable assessment roll
- Determining property use and ownership
- Collecting and maintaining physical inventories for each parcel within City limits
- Maintaining property record cards
- Collecting new construction and demolition data
- Maintaining sales file and sales reporting system
- Administering the various tax exemptions authorized under state and local law
- Assist with the defense of tax certiorari claims and assessment grievances (see below)

Timing of Annual Tax Roll. The tentative tax roll is made available on January 1st of each year, while the final tax roll is made available April 1st. The DTA accepts exemption applications September 1st through November 30th. Income and expense applications for commercial properties are accepted July 1st through September 1st.

Defense of Tax Grievances. Somewhat unique to the City, the Tax Assessor assists in the defense of the assessments of real property at the court level. Generally public jurisdictions will contract out for this service. In order to defend the City, the Tax Assessor must and continually stay informed of current real estate trends, methods of property appraisal and real estate laws. Grievance petitions are accepted by the DTA from January 1st through the 3rd Tuesday of January.

City Tax Base and Largest Taxpayers. The Tax Assessor annually compiles an assessment roll of approximately 9,500 properties within the City. According to the Assessor, approximately 25% of these properties are commercial, while the remaining 75% are residential or other. Approximately 8.2% of properties within City limits are exempt.

Exhibit DTA-I shows the trend for the last five years for valuations, State equalization rates, real property tax levies and real property tax rates and collections.

Exhibit DTA-I
Five-Year Trend of Real Property Tax Statistics (2013 to 2017)

Fiscal Year	Assessed Valuation	Equalization Rate	Full Valuation
2015	\$203,216,450	4.00%	\$ 5,080,411,250
2016	203,211,212	4.25	4,781,440,282
2017	205,818,171	4.15	4,959,474,000
2018	206,751,598	4.21	5,168,789,950
2019	209,417,015	3.75	5,584,453,733
Total 5-Year Full Valuation			\$25,574,569,215
Average 5-Year Valuation			\$ 5,114,913,843

Source: State Board of Real Property Services and the City of Comptroller's Office.

In each of the most recent three fiscal years, the full valuation of the City has consistently increased. Despite challenging finances and a distressed regional economy, the City has worked hard to persevere its tax base and to position itself for future growth. The Tax Assessor attributes the trend of growth to post Sandy revitalization efforts.

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Exhibit DTA-II shows the trend for the ten largest taxpayers in the City based on the 2019 assessment roll.

Exhibit DTA-II
Ten Largest Taxpayers (2019 Assessment Roll)

Taxpayer	Nature of Business	Assessed Value	% of Total Assessed Value ⁽¹⁾
1. Keyspan Gas East Corp.	Utility	\$1,787,227	0.85%
2. DBA National Grid LIPA/PSEG	Utility	1,675,980	0.80
3. SF IV LBH LLC	Hotel	1,180,370	0.56
4. Lafayette Apartments	Apartments	1,054,600	0.50
5. Shore Rd. LB Superblock	Vacant Land	1,000,000	0.48
6. 552 Shore Road Owners Corp.	Cooperative Apartments	966,428	0.46
7. Avalon Bay Communities	Apartments	950,000	0.45
8. Walton Stuart	Apartments	875,000	0.42
9. 430-450 Shore Road Corp.	Cooperative Apartments	860,888	0.41
10. NH National BLVD LLV	Nursing Home	784,000	0.37
TOTALS		\$11,134,493	5.30%

(1) The City's total taxable assessed value for the 2019 fiscal year is \$209,417,015.

Source: City officials.

As detailed above, the 10 largest taxpayers account for only 5.30% of the City's total assessed value (2019), with no single taxpayer accounting for more than 0.85%. This signifies a diverse tax bases which is not overly dependent upon large commercial properties.

STATEWIDE OVERVIEW OF TAX ASSESSING UNITS

As further detailed below, noting the extreme number of assessing units across New York State is important because it alludes to overlap and the possibility for shared service agreements between units. The City should explore sharing certain aspects of its assessing function as a means to reduce costs and increase efficiency levels. The following section will further expand upon this concept.

New York State. According to the New York State Office of Real Property Tax Services ("Reforming New York's Property Tax System"), the property tax system in New York is perhaps one of the most intricate in the Nation. In fact, a report released by the New York State Office of the State Comptroller ("Reducing the Cost of Tax Assessment Through Shared Services") indicated that, on average, most states have less than 100 assessing units. In fact, only seven states were reported having over 500 units. At an estimated 1,110 units, New York was one of those seven states. Of these units in New York, approximately 89.2% were either town or city units.

Nassau County. The County's Department of Assessment is responsible for the fair and equitable assessments for all commercial and residential properties within the County, including the City. In addition, the County Department of Assessment analyzes and manages all building permit data submitted by towns and villages. Aside from the County itself, the other municipal tax assessing

units located within the County are the cities of Long Beach and Glen Cove and approximately 30 villages.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

The workforce of the DTA consists of 3 fulltime employees and 1 part-time employee. If necessary, a previous Tax Assessor of the City will also come in to work on a part-time basis. Tasks are delegated to staff members by the Tax Assessor as they come in. The Tax Assessor also acts in the capacity of the Chairman of the Assessment Board.

DTA Staffing Trends. Exhibit DTA-I shows a trend of fulltime and part-time DTA staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit DTA-I
DTA Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	DTA Fulltime Employees	DTA Part-Time Employees
2015	2	1
2016	2	1
2017	2	2
2018	3	2
2019	3	2
2020 ⁽¹⁾	3	2

(1) As of December 2019.

Source: City Officials.

DTA STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within DTA.

- *Emerging Technologies and the Mobilization of the Workforce.* DTA management indicated they are presently in the process of updating their assessment software. Although the full update may be a couple of years away, it will yield significant efficiencies for the DTA. Once the software has been impended, management believed it may be possible to integrate portable tablets which would mobilize the workforce. This would reduce manpower hours and reduce the risk of mathematical errors.
- *Succession Planning.* In accordance with the City Charter, there must be a succession of individuals able to fulfill the duties of the Tax Assessor. In the absence of the Tax Assessor, there are presently 2 additional individuals inline to assume such obligations.

- *Utilization of Interns for Manual Tasks.* The Tax Assessor supervises interns who work in various City Departments. The DTA has been able to utilize these interns to assist with the filing and analysis of various exemptions.
- *Designated Opportunity Zone.* See “Opportunity Zones” in this section.
- *County Assistance.* The County could assist the City with various tasks relating to the assessment of City properties. It would be beneficial for the City to further investigate shares service opportunities specifically with respect to the DTA.

DTA WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within DTA.

- *Document Retention and Storage.* According to DTA management, the Department has historically struggled to keep up with document retention and storage.
- *Employee Training.* The DTA has been impacted by inadequate employee training as it relates to technology. As result, only certain employees are able to input data into spreadsheets. This approach is time consuming and has resulted an imbalance of tasks among employee. Appropriately training staff members will assist in alleviating this limitation.
- *Duplication of County Services.* There is duplication of certain assessment related services since the County also independently values all City properties.

UPCOMING DTA INITIATIVES

DTA management identified the following technology projects as in the works or being considered by the City:

- Implementation of Assessment Software
- Mobilization of the Workforce

OPPORTUNITY ZONES

According to New York States Empire State Development, the State has elected to participate in the Opportunity Zone Community Development Program, which was created through the Tax Cuts and Job Acts of 2017. The Federal program is intended to encourage private investment in low-income urban and rural communities. Based on evaluations conducted by Empire State Development, New York State Homes and Community Renewal, New York State Department of State and the state’s Regional Economic Development Councils, the State recommended 514

census tracts to the U.S. Department of the Treasury to be designation as Opportunity Zones. One such tract is located with the limits of the City (Census tract number 36059416500).

An Opportunity Zone can receive funds from Opportunity Funds, which is an investment vehicle organized as a corporation or a partnership for the purpose of investing in these designated areas. There are two main incentives to encourage investment in qualified opportunity funds. According to Empire State Development, taxpayers can temporarily defer the inclusion in gross income of capital gains that are reinvested in a qualified opportunity fund. Taxpayers can also permanently exclude capital gains from the sale or exchange of an investment in a qualified opportunity fund held for more than 10 years. Generally, both the deferral and exclusion of the capital gains from federal income will flow through to New York State. This means those gains will also be deferred and excluded from New York taxable income

DTA FINANCES

General Expenditures. The operations of DTA are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the DTA, on average, has accounted for 0.27% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

Exhibit DTA-III highlights the (unaudited) annual expenditure pattern of the DTA for the fiscal years ended June 30, 2014 through 2018.

Exhibit DTA-III
DTA and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	DTA Expenditures ^{(2) (3)}	% DTA Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$160,942	0.22%
2015 (Unaudited)	74,923,356	173,802	0.23
2016 (Unaudited)	76,927,053	216,551	0.28
2017 (Unaudited)	78,485,627	225,735	0.29
2018 (Unaudited)	80,372,640	246,764	0.31

- (1) Inclusive of other financing uses.
- (2) Excludes employee benefits.
- (3) Excludes tax refunds pursuant to tax certiorari claims.

Source: The budgets of the City. The summary is not audited.

Salary Expenditures. Employee salaries represent the largest annual expenditure of the DTA. For 2018, salary costs, inclusive of temporary salaries, accounted for more than 96% of total DTA expenditures.

DTA Revenues. DTA is accountable for certain forms of revenues including pro-rata real property taxes and interest and penalties on real property taxes.

DTA RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the DTA. Below is a list of the primary findings and recommendations:

Recommendation –Assessor I:

Seek Out Records Management Grants

In conjunction with the City Manager, the DTA should seek out and apply for records management grants offered through the State. Grants may provide funding for technology upgrades, equipment upgrades, and for training purposes.

The New York State Local Government Records Management Improvement Fund is a grant program which can provide funding to assist local governments with the establishment or improvement of a records management program. Although a competitive grant, awards are based on the merits of the completed application.

Recommendation –Assessor II:

Develop a Plan to Take Advantage of Designated Opportunity Zone

The City's DTA has no formalized plan to take advantage of the Opportunity Zone designated within its limits. As such, the City should conduct an analysis to determine the methodology for taking advantage of this designation. In view of the fact that multiple zones have been designated around the State, the City could conduct a benchmark analysis to better understand actions being taken by peer jurisdictions.

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DEPARTMENT OF YOUTH AND FAMILY SERVICES

Special Note: Subsequent to the “as of date” of this Analysis, the Department of Youth and Family Services was restructured.

DEPARTMENT MISSION

The mission of the Department of Youth and Family Services (“DYF”) is as follows:

The DYF is committed to providing excellent care, services, and programming in safe and nurturing environments focused on the social, cultural, and educational development of children and families in the City. In addition, they provide comparable services and care to the senior citizens who participate in health and wellness-focused classes and creative workshops at the DYF Center.

Source: The 2019-20 Budget of the City.

DYF FUNCTIONS AND SERVICES

The DYF is responsible for the provision of various services to families and seniors within the City.

Childcare. The DYF provides daycare services to working parents, before and after-school care and administers a variety of summer camp programs. The State mandates minimum child to staff ratios that be observed by DYF. As such, according to DYF officials, the Department is currently providing service to 29 children at the Magnolia Daycare, 23 in the Sandbox 3 and 4 Year Old program, 123 registered children in the Lido School before and after care program and 95 registered children at the West School before and after care program.

Senior Programming. Approximately 50 senior wellness, cultural and recreational programs are provided by DYF at the Magnolia Senior Community Center. Programs are generally provided free to residents. However, DYF officials indicated that program costs are reimbursed through urban development funding programs. In addition, DYF staff indicated that approximately \$10,000 of current Community Development funding has been earmarked for the Magnolia Senior center, which is in addition to urban development funding. Programs are provided to residents free of cost and DYF staff indicated senior registrations presently exceed 800.

ORGANIZATIONAL STRUCTURE AND WORKFORCE

According to DYF officials, the fulltime workforce of the DYF includes 1 Executive Director, 2 school-aged Program Supervisors, 1 Daycare Director, 1 Head Teacher, 1 Bookkeeper and 1 Administrative Assistant. In addition, the DYF employees approximately 28 individuals in a part-time capacity to provide its childcare services. According to DYF officials, despite being classified as “part-timers” most of the childcare staff works close to forty (40) hours per week. Part-time employees are not eligible to receive healthcare benefits.

DYF Staffing Trends. Exhibit DYF-I shows a trend of fulltime and part-time DYF staff for each of the fiscal years ending June 30, 2015 through 2019 and for 2020 as of December 2019.

Exhibit DYF-I
DYF Employment Trends
Fiscal Years June 30, 2015 to 2020 ⁽¹⁾

FY Ending Jun 30:	DYF Fulltime Employees	DYF Part-Time Employees	DYF Seasonal Employees
2015	7	19	9
2016	7	25	6
2017	7	25	7
2018	7	23	8
2019	7	22	7
2020 ⁽¹⁾	7	24	13

(1) As of December 2019.

Source: City Officials.

DYF Staffing Concerns. During focused interviews with key DYF officials’ various concerns were discussed relating to the optimal staffing structure for childcare related services. As previously noted, childcare is supported by a staff of approximately 28 part-time employees. Due to the low wages offered to part-time employees, turnover is high, management has trouble filling these rolls and staff morale was identified as being low. This has created deficiencies relating to the bench strength of the DYF and achieving mandated coverage levels remains an ongoing concern for DYF management and personnel. Failing to properly meet these ratios could result in significant risk to the City.

During CMA’s evaluation period, several attempts to collect data relevant to operations, schedules and staffing were made from DYF officials. Despite the multiple attempts, only some information was collected and there remain open items that were never provided by DYF officials. In addition, CMA has been made aware that DYF had previously received various citations from the State that was not promptly brought to the attention of City management.

DP STRENGTHS AND OPPORTUNITIES

Based on focused a departmental interview and a comprehensive review of available documents, below is a summary of key strengths and opportunities noted within the DYF.

- *Elimination of Daycare Services.* Daycare is a discretionary service provided by the City. Although it provides benefit to certain individuals, it also entails risk should the City fail to meet mandated coverage levels. In conjunction with the City Manager and Corporation Counsel, DYF should conduct a cost benefit analysis relative to daycare services. See “DYF Recommendations,” at the end of this section.

DFY WEAKNESSES AND THREATS

Based on focused departmental interviews and a comprehensive review of available documents, below is a summary of key weaknesses and threats noted within DYF.

- *Non-Competitive Pay Structure.* Although CMA has not completed an in-depth benchmark analysis of the DYF's pay structure, Management at the DYF believes the structure to be below that of "market rate." As result, the recruitment of qualified candidates is problematic for the DYF and turnover has been identified as an area of concern.
- *No Succession Plan:* Management has indicated that the DYF does not have a formalized succession plan in place but believe such a plan would be beneficial for both the Department and the City.
- *Antiquated Technology:* Like various other City departments, technology utilized by the DYF and its workforce is antiquated. Much of the record keeping is completed by hand, including the time and attendance of staff, child attendance and bookkeeping. Enhancing technology would improve the overall efficiency of the Department.
- *Cash Management:* The DYF seems to be lacking adequate policies and procedures relating to the collection and management of cash collections. Without proper protocols in place the City remains at risk.

DYF FINANCES

General Expenditures. The operations of DYF are classified as governmental activities and are financed primarily through the General Fund. According to actual (unaudited) expenditures provided in prior City budgets, the DYF, on average, has accounted for 0.95% of General Fund expenditures for the fiscal years ended June 30, 2014 through 2018.

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Exhibit DYF-II highlights the (unaudited) annual expenditure pattern of the DYF for the fiscal years ended June 30, 2014 through 2018.

Exhibit DYF-II
DYF and General Fund (Unaudited) Expenditures - Table
Fiscal Years Ended June 30, 2014 to 2018

FY Ending Jun 30:	General Fund Expenditures ⁽¹⁾	DYF Expenditures ⁽²⁾	% DYF Exp. to General Fund Exp.
2014 (Unaudited) ⁽²⁾	\$74,100,990	\$688,951	0.93%
2015 (Unaudited)	74,923,356	790,941	1.06
2016 (Unaudited)	76,927,053	789,763	1.03
2017 (Unaudited)	78,485,627	710,476	0.91
2018 (Unaudited)	80,372,640	682,598	0.85

(1) Inclusive of other financing uses.

(2) Excludes employee benefits and the Magnolia Community Center.

Source: The budgets of the City. The summary is not audited.

DYF RECOMMENDATIONS

Recommendation – Youth and Family Services I

Explore the Possible Elimination of Daycare Services

If the City is to address the current deficit position of the General Fund, it will first need to develop a structurally sound budget. This will entail the consideration of significant structural changes to certain services. There presently exist deficiencies within the structure of the DYF's childcare staffing. In conjunction with the City Manager, the City Comptroller and Corporation Counsel, the City should conduct a cost benefit analysis relative to childcare services. A comprehensive study beyond the scope of the Analysis will be required. As such, the City should explore grant opportunities which would offset the cost of conducting a feasibility study.

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SECTION-IV

SUMMARY OF RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

Herein follows a concise summary of CMA's findings and recommendations.

GENERAL CITY RECOMMENDATIONS

Recommendation – City Operations 1

Update or Draft & Adopt Formal Written Policies & Procedures.

The City would benefit from a comprehensive review and update of existing fiscal policies. In areas where fiscal policies are not present, the City should draft such policies. Financial policies encompassing areas such as fiscal reserves, budgetary procedures, human resources, travel, accounting controls, debt management, and forms of long-term planning should be the primary areas of focus.

Formalizing such policies will add transparency to City operations, which will provide guidance to City employees and present clarity to all stakeholders. Once drafted, the policies should be presented in full form to the City Council for consideration and adoption.

Due to the complexity of some of the legal requirements relating to the establishment of certain policies, the City should consult with legal counsel when drafting / adopting policies.

Such policies and procedures should be annually reviewed and amended, as deemed appropriate, by the City Administration and Council. Of note, CMA understands the development and adoption of such policies is currently in process.

Special Note: CMA understands the City is currently in the process of developing and adopting several fiscal and operational policies. Subsequent to the as of date of this Analysis, the City has adopted the following policies: Capital Asset, Capital Budget, Debt Management, IT Policy, IT Disaster Policy, Revenue Policy, Expenditure Policy and Grant & Financial Award Policy

Recommendation – Revenue 1

Seek Out Alternative Recurring Sources of Revenue

The City's distressed financial condition has been intensified by slow growth of primary revenue sources, which have also been impacted by State imposed limitations. Although it is crucial for the City to take corrective actions immediately, the limitations provide a barrier to quick action. As such, alternative sources of recurring revenues should be investigated in the near future. A long-term approach to developing a balance between revenue increases and expenditure reductions should be developed and implemented over the next several years. To assist in this effort, the City

should construct an Administrative Committee or Task Force to identify, review and recommend both opportunities for expenditure reduction and revenue generation.

Special Note. *Such opportunities, along with various revenue programs, are anticipated to be explored by the City in the coming months and will be included as part of a 5-year fiscal improvement plan.*

Recommendation – Expenditures I:

Identify Cost-Cutting Measures and Contain Personnel Costs By Exploring City Departments For Internal (Staff) Restructuring Opportunities

General. *The City's distressed financial condition has been intensified by rapidly escalating fixed costs. As such, the City should analyze discretionary expenditures in an effort to identify, reduce or eliminate costs that will not negatively impact the City's ability to deliver core services. A long-term approach focusing on several years should be implemented. To assist in this effort, the City should construct an Administrative Committee or Task Force to identify, review and recommend both opportunities for expenditure reduction and revenue generation.*

Personnel Related Costs. *Analyzing key City departments on a continual basis to ensure that tasks are properly delegated can quickly impact employee productivity and efficiency. Subsequently, enhancing efficiency levels will assist the City in its ability to reduce certain personnel related costs, such as overtime. This is important since overtime costs can rapidly and significantly increase future long-term pension costs.*

Furthermore, a strategic and proactive approach to containing employee related expenses will lessen the future risk of workforce reductions. Thus, to ensure the workforce identifies with the City's priorities, maintaining transparency among employees and the administration will be crucial. Workforce involvement in reducing the deficit will allow the City to continue to supply essential services to residents and also to provide sensible salaries and benefits to its staff.

Special Note. *Expenditure reduction opportunities, along with various revenue programs, are anticipated to be explored by the City in the coming months and will be included as part of a 5-year fiscal improvement plan.*

Recommendation – Financial Restructuring Board I:

Continue Work with the Financial Restructuring Board for Local Governments

During June of 2019, the FRB released a Comprehensive Report, inclusive of various finding, relating to the finances and operations of the City. In addition, the FRB made available funds to the City to offset the cost of hiring an external strategic planner. Such funds were utilized in the development of this Plan. It is possible that the FRB could provide additional funds to the City at a future date. The City should continue to work with the FRB to determine if the implementation of recommendations included in this report can be funded by the FRB.

Special Note: *As of February 2020, the City continues to participate in communication with the FRB*

Recommendation – Tax Base I:

Explore the Advantage of the Designated Opportunity Zone

There are several opportunity zones in Nassau and Suffolk, including areas within City limits. The City should further explore these zones and develop a comprehensive tax base improvement policy. The tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

OCEAN BEACH PARKS RECOMMENDATIONS

Recommendation – Ocean Beach Park I

Investigate Methods to Accept Credit Card Payments at All Beach Access Points

The cash collection process of the OBP is hindered by a lack of available WiFi on the beach. As result, OBP employees generally collect payments for daily beach passes in the form of cash. Although the OBP has implemented various procedures to safeguard the cash, the current system is fragmented and leaves the City at risk for theft, fraud and error. Aside from relying on WiFi for credit card payments, the City should investigate other options that would allow for credit card payments.

Recommendation – Ocean Beach Park II

Improve Cash Management Procedures

As noted throughout this Analysis, the City should draft and formally adopt a series of written fiscal policies and procedures, including one for cash management. Given the collection of cash payments handled by the OBP, together with the City Comptroller, they should participate in this formation of a cash management policy.

DEPARTMENT OF BUILDING RECOMMENDATIONS

Recommendation – BD I

Collect New York Rising Community Reconstruction Program Revenue

Management of the BD has indicated under the New York Rising Community Reconstruction Program there is a \$500,000 reimbursement which is appropriated to the City. Despite efforts in recent years the City has been unable to collect these funds. Nevertheless, the BD should continue efforts to collect these funds. If necessary, they should reach out to their local State representatives for assistance.

Recommendation – BD II

Develop a Zoning Plan and Tax Base Improvement Policy

As noted above, the State Comptroller encourages zoning planning and the City has not evaluated its zoning in several years. Since land use needs will undoubtedly vary from entity to entity, several freedoms are afforded by the State so that a plan may be unique to a jurisdiction's specific needs. External professionals are often employed to assist with the development of such a plan. In addition, public participation and comment ensures that residents both understand the need for a plan and that their requests can be incorporated. After the formal adoption of a Comprehensive Plan the City should develop a plan to update its zoning, which is currently antiquated.

In addition, the City should develop and adopt a local tax base improvement policy. Tax base attrition is not an uncommon concern to municipal entities. This matter, however, can be addressed through the creation of a strong community and economic development strategy. In order to expand the tax base, the tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

DEPARTMENT OF THE CENTRAL GARAGE RECOMMENDATIONS

Recommendation – Central Garage I:

Leadership Training.

Initiating leadership and mentoring training would be constructive for the CG. An effective leadership program will assist in the CG's ability to attract and retain qualified employees, to shape its culture, improve upon efficiency levels and provide accountability.

Recommendation – Central Garage II:

Develop Formal Written Policies and Best Practices Relating to the Maintenance and Repair of City Owned Vehicles and the Usage of Fuel.

In connection with the City Manager, the CG should develop a series of formal, written policies and best practices relating to the maintenance and repair of City owned vehicles. The implementation of such policies would enhance the City's control over its fleet and ensure that preventive maintenance would assist in circumventing costly repairs. In addition, a policy related to the acceptable usage of fuel should be also be considered.

Recommendation – Central Garage III:

Conduct Annual Technology Assessments

Access to inventory, records, and vehicle condition data will be a valuable management tool and enhance efficiency levels in the CG. Increasing efficiency levels will have an immediate impact on the finances of the City since the data will assist management in its ability to make informed decisions relating to the purchase of extended warranties and the repair or replacement of certain vehicles. The CG should annually evaluate its technology to determine its adequacy in recording, monitoring, and reporting on vehicle related assets.

Special Note: As of February 2020, City management has indicated this assessment is presently in process.

Recommendation – Central Garage IV:

Conduct Cost Benefit Analysis of Replacing the Central Garage Facility

The current garage structure was identified as being obsolete. In addition, according to management, given the age of the structure a full renovation would not be cost effective. Nevertheless, a private company has expressed interest in purchasing the property. The proceeds of a sale could be utilized by the City to reduce costs associated with constructing a new facility. In conjunction with the Departments of the City Manager and Comptroller, the CG should conduct a feasibility analysis to determine the cost and benefit of constructing a new facility.

The City should consider the issuance of a property sale RFP in order to determine an accurate market rate for the garage facility

DEPARTMENT OF THE CITY MANAGER RECOMMENDATIONS

Recommendation – City Manager I:

Creation and Oversight of Council Member Departmental Liaisons

The City would benefit from greater levels of transparency and communication between its departments and the Council. As such, the City should consider the establishment of Council Member Departmental Liaisons. Given the structure of the CM, it would be appropriate for the CM to oversee this formation.

Recommendation – City Manager II:

Investigate Changing the June 30th Fiscal Year End

The fiscal year of the City ends on June 30th of each calendar year. Since most cities in the State of New York have December 31st fiscal year ends, June 30th represents a rare date. Unfortunately, the June 30th date falls in the middle of the beach season, which is a key revenue source to the City. Changing the fiscal year end would require State legislation, but would allow City officials to better focus its efforts. In conjunction with Corporation Counsel, the CM should further investigate changing the June 30th fiscal year end.

Recommendation – City Manager III:

Investigate Open Format Budgetary Options

Despite being small in size, the City's Information Technology Department ("IT") was found to be efficient and well qualified. By focusing on the implementation of technology, the operational workflow of the City can be greatly influenced, budgets more easily monitored and potential fiscal risks can be quickly identified. For these reasons, the CM should work closely with the City Comptroller and IT to investigate (cloud-based) technology cloud-based software/solutions to enhance budgeting, reporting, communications, performance, and accountability.

DEPARTMENT OF THE CITY COMPTROLLER RECOMMENDATIONS

Recommendation – Comptroller I:

Pursue Accounting, Software and Internal Controls Training

The City remains highly dependent on financial software for both planning and reporting purposes. As such, technology should be considered an important factor in the establishment of structurally sound fiscal operations. Training key staff members in the functionalities of software is equally critical. During the focused interview DC management indicated software training had been scheduled to occur within the next several weeks. The DC should continually train employees on the functionalities of its financial software.

As a best practice, the Government Finance Officers Association (the “GFOA”) recommends key financial staff members obtain the information and training needed to meaningfully take responsibility for internal control.

Recommendation – Comptroller II:

Increase Qualified Professional Accounting Staff

Although the existing staff is talented, the Department lacks certified accounting professionals. As result, employees are able to focus on only specific tasks and may not be equipped to critically review key financial functions of City departments. Given the size of the annual operating budget and complexity of the City’s fiscal operations, this represents a material deficiency. This suggests a need for a certified staff who can contribute with respect to compliance, risk management, internal auditing and various other forms of detailed, critical, fiscal analysis. The DC, and the City, would benefit from the addition of one or multiple certified accountants.

Recommendation – Comptroller III:

Update or Draft Written Financial Policies and Procedures

The City would benefit from updating existing written financial policies and developing additional policies encompassing areas such as fiscal reserves, budgetary procedures, human resources, travel, accounting controls, debt management, and forms of long-term planning.

Formalizing such policies will add transparency to City operations, which will provide guidance to City employees and present clarity to all stakeholders. Once drafted, the policies should be presented in full form to the Council for consideration and adoption.

Due to the complexity of some of the legal requirements relating to the establishment of certain polices, the DC should consult with the City Manager and Corporation Counsel when drafting / adopting policies.

Of note, CMA understands the City is currently in the process of developing and adopting several fiscal and operational policies. Subsequent to the as of date of this Analysis, the City has adopted

the following policies: Capital Asset, Capital Budget, Debt Management, IT Policy, IT Disaster Policy, Revenue Policy, Expenditure Policy and Grant & Financial Award Policy

Recommendation – Comptroller IV:

Centralize Cash Management Processes and Institute Procedures

The GFOA recommends jurisdictions establish a cash management policy that is reviewed on an annual basis. The City would benefit from the centralization of cash management controls. The current system was identified as fragmented and unsatisfactory. Decentralized cash management processes leave the City at risk for theft, fraud and error.

Recommendation – Comptroller V:

Develop Internal Controls Relating to the Management of Grants

Federal, State and Local grant funds represent a significant revenue source for the City and for several of its key departments. As such, it is crucial the City maintains strict adherence to comprehensive internal controls relating to grants. According to GFOA best practices, the internal controls should ensure:

- Grants are utilized by the City effectively and efficiently;*
- Assets purchased or developed by grant funds are adequately maintained and safeguarded;*
- Any financial reporting requirements are completed accurately and in a timely fashion; and*
- The utilization of such funds is done so in compliance with any appropriate laws and regulations.*

In conjunction with the City Manager, Corporation Counsel and the Department of Economic Development, the DC should develop internal controls relating to the management of grant funds. As of the date of this Analysis, the City officials have indicated a grant policy and related procedures have been drafted and are in the process of being reviewed.

Special Note: Subsequent to the as of date of this Analysis, on November 17, 2020, the City formally adopted a grant and financial award policy.

DEPARTMENT OF CORPORATION COUNSEL RECOMMENDATIONS

Recommendation – Corporation Counsel I

Utilize Cost-Effective Technologies to Enhance Efficiency

Recent turnover of key staff members has hindered the efficiency levels of the CC. Furthermore, the present operations of the CC are antiquated and lack technology that would allow staff to document, track and monitor past and ongoing legal actions. According to CC officials, neighboring municipal jurisdictions have successfully utilized simple cost-effective spreadsheets to accomplish these tasks. The CC should develop and utilize these files.

Recommendation – Corporation Counsel II

Issue a Public Bid to Develop a List of Approved Outside Attorney Firms

Like other municipal jurisdictions, third party legal counsel is utilized for highly specialized or extremely time intensive legal cases. However, according to CC officials, the CC does not maintain a formalized list of outside vendors that have been approved after a public bid. The City should issue of a formal RFP in order to develop such a list.

Recommendation – Corporation Counsel III

Better and Early Utilization of the CC by City Departments

According to the CC officials, certain legal issues are not promptly brought to the attention of the CC. It is believed that Departments often attempt to handle such matters themselves. The CC should actively reach out to all Departments to advise that any and all legal matters should promptly be brought to the attention of the CC. Early action has the ability to reduce both costs and liabilities.

Recommendation – Corporation Counsel IV

Right Size Staffing Levels

Should staffing levels of the CC decline, the use of outside counsel to defend legal suits currently handled inhouse may be necessary. Although CMA has not conducted a full analysis of outside legal counsel, the additional cost would likely exceed the cost of inhouse attorneys. As such, in conjunction with the City Comptroller and Manager, the CC should monitor its staffing levels to achieve maximum efficiency.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND PLANNING RECOMMENDATIONS

Recommendation – Economic Development I

Centralize Grant Procurement

Grant procurement is an important function which should not be overlooked. In conjunction with the City Manager, EDP should increase its collaboration efforts with City departments to better leverage its grant procurement capabilities. In addition, the City Manager, in conjunction with the City Comptroller, should determine if the EDP could be a centralized point for all City grant procurement activities. As the EDP workforce is presently stretched, additional staff may be required.

Recommendation – Economic Development II

Review, Revise (as Appropriate) and Adopt the Final Draft Comprehensive Plan

Although a Final Draft Comprehensive Plan was delivered by the EDP, the plan may have not been responsive enough to certain groups and their concerns. Nevertheless, the adoption of the Comprehensive Plan is the critical first step in updating the City's zoning and tax base improvement plan. As such, the current Final Draft Comprehensive Plan should be carefully reviewed by EDP staff based upon direction from the City Council and City Manager to create a revised version with public input. Once revised, the Final Draft Comprehensive Plan should be reviewed by the City Manager and then presented to the City Council for their consideration.

Recommendation – Economic Development III

Update the Zoning Code and Develop a Tax Base Improvement Policy

As noted above, the State Comptroller encourages zoning through a land use plan and the City has not evaluated its zoning in over 30 years. Since land use needs will undoubtedly vary from entity to entity, several freedoms are afforded by the State so that the code may be unique to a jurisdiction's specific needs. External professionals are often employed to assist with the development of such an update. In addition, public participation and comment ensures that residents both understand the need for a plan and that their recommendations can be considered. After the formal adoption of a Comprehensive Plan the City should develop a plan to update its zoning, which is currently antiquated. Minor levels of funding are generally included in the Capital Plan for zoning study purposes.

In addition, the City should develop and adopt a local tax base improvement policy. Tax base attrition is not an uncommon concern to municipal entities. This matter, however, can be addressed through the creation of a strong community and economic development strategy. In order to expand the tax base, the tax base improvement policy should encourage, promote, and assist industrial, commercial, and residential development.

DEPARTMENT OF FIRE RECOMMENDATIONS

Recommendation – Fire Department I

Seek Assistance in Settling Collective Bargaining Agreements with IAFF Local 287

In its June 2019 Comprehensive Report on the City, the NYS FRB recommended that the City seek labor and healthcare efficiencies. Furthermore, the FRB indicated, in its sole discretion, it may award a grant to help the City with respect to this matter. As such, given the complex collective bargaining agreements and structure of the City, the City should take advantage of State resources.

Recommendation – Fire Department II
Healthcare Cost Contributions

As collective bargaining agreements are negotiated with the FD, the City should seek premium cost sharing from members of the FD. If successful, annual recurring savings in excess of \$100,000 could be realized.

Recommendation – Fire Department III

Explore the Possibility of a Full Volunteer Structure or a Reduction of Paid Staff

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. Ensuring the safety of residents, business owners, and visitors certainly falls into this category. However, there presently exists deficiencies within the organizational structure of the City's FD.

If the City is to address the current deficit position of the General Fund, it will first need to develop a structurally sound budget. This will entail the consideration of significant structural changes to certain services. Taking into account the City FD is the only paid municipal fire department on Long Island, it would make sense to review this operation for reduction or elimination.

During 2018, the City and the Village of Garden City (Nassau County) were the last two Long Island municipalities with paid uniformed firefighters. In July 2018, the Board of the Village of Garden City voted (6-1) to eliminate paid firefighter positions. The cost recurring annual savings have been estimated at approximately \$2 million. In conjunction with the City Manager, the City Comptroller and Corporation Counsel, the City should further review the case of Garden City.

As noted, a comprehensive study beyond the scope of the Analysis will be required. As such, the City should explore grant opportunities which would offset the cost of conducting a feasibility study.

INFORMATION TECHNOLOGY DEPARTMENT RECOMMENDATIONS

Recommendation – Information Technology I

Conduct a Cybersecurity Audit with the Office Homeland Security

The Homeland Security's Cybersecurity and Infrastructure Security Agency ("CISA") is the Nation's risk advisor, working with partners to defend against technology related threats. A service of CISA is the Cyber Resilience Review ("CRR"). According to CISA, the CRR a no-cost, voluntary, non-technical assessment to evaluate an organization's operational resilience and cybersecurity practices. Jurisdictions are provided with two options in conducting a CRR. Foremost, on their website, CISA provides a free downloadable self-assessment tool. As a secondary option, CISA will provide a facilitated session involving representatives trained in the use of the assessment tool.

The City should request a facilitated session with CISA representatives to test the vulnerability of its technology systems.

Recommendation – Information Technology II

Consider Cybersecurity Insurance

In conjunction with the City Manager and Corporation Counsel, the City should conduct a cost-benefit analysis relative to cybersecurity insurance. IT management has indicated this service is provided by both of the City's current insurance carriers.

Recommendation – Information Technology III

Complete Time and Attendance Project

It was indicated that the City is presently in the process of implementing an electronic time and attendance management system. Such a system would assist in the City's ability to monitor employees and lessen the risk of abuse. The City should continue its efforts to implement this system.

Special Note: As of February 2020, City management indicated a time and attendance project is presently underway

DEPARTMENT OF PARKS AND RECREATION RECOMMENDATIONS

Recommendation –Parks and Recreation I

Conduct an Analysis Focusing on Overtime and the Scheduling of Employees

In conjunction with the City Administrator and Corporation Counsel, the DPR should conduct an internal analysis to determine if staffing levels are adequate, define an acceptable level of overtime for individual employees, outline a multitiered approval process for the assignment of overtime and provide for a system of the ongoing monitoring of overtime costs. The analysis should draw on data from similar sized cities to form a base for comparison purposes.

Recommendation –Parks and Recreation II

Enhance on the Job Training of Employees

Training staff members in the functionalities of their job should be considered crucial. At present, a disparity exists between the DPR's employee capabilities and training. As such, the department relies on a handful of employees to perform key or specialty functions. To the greatest extent possible, employees should be cross-trained. If training cannot be performed internally, the DPR should investigate State and County offered training opportunities. Furthermore, as new employees join the DPR, it will be vital to ensure they receive an appropriate level of initial training. Therefore, the DPR should develop a series of policies and best practices relating their general operations.

POLICE DEPARTMENT RECOMMENDATIONS

Recommendation –Police Department I:

Install License Plate Readers

Police officials indicated they believe the installation of license plate readers at strategic locations could result in annual net revenue of approximately \$40,000. In addition, the readers would assist the PD in its ability to safeguard residents. In conjunction with the City Manager, the PD should further investigate this initiative.

Recommendation –Police Department II:

Determine Appropriate Police Staffing Requirements

In conjunction with the City Manager and City Comptroller, the PD should determine the optimal number of police employees (including civilian positions) based on cities that are comparable in size to the City.

Determining an appropriate level of staffing in the PD has the potential to reduce costs, improve efficiency levels, and will foster interdepartmental cooperation. This does not necessarily mean reductions. Nevertheless, staff reductions should be carefully considered on a targeted basis to mitigate complex and costly contractual matters. Given the overall age of the PD workforce, staffing levels can likely be reduced through attrition. An aggressively promoted retirement program could be motivating, particularly as most labor contracts are approaching expiration.

In addition, the Department should consider instituting a system of performance measures in connection with the primary functions of civilian positions. The establishment of such measures would help to ensure the work demands of these positions are both understood and reviewed regularly. Continual review of primary civilian functions may assist in determining whether there are technological advances which could improve the PD administrative processes with fewer personnel having to be assigned.

Recommendation –Police Department III:

Implement Measures to Control Overtime

Given the current fiscal condition of the City, the PD will need to strategically manage its resources and reduce overtime.

If the City is not able to return to a position of fiscal stability in the near future, the PD will likely be one of the first departments impacted. In general, severe budgetary limitations result in administrative pressure to reduce expenditures. However, since personnel costs and employee benefits represent the largest annual expenditure of the PD, such pressures may come in the form of staffing reductions or further reductions to overtime. The PD should make preparations for discussions with employees should a choice need to be made.

DEPARTMENT OF PUBLIC RELATIONS RECOMMENDATIONS

Based on an in-depth analysis and focused interviews, there are various actions which could be taken by the OBP. Below is a list of the primary findings and recommendations:

Recommendation – Public Relations I

Expand Marketing Initiatives Which Could Increase Revenue

As the voice of the City, the PR should work in conjunction with the City manager to identify marketing initiatives that could increase City revenues. These initiatives should be focused, primarily, on the enhancement of recurring or new revenue sources.

DEPARTMENT OF PUBLIC WORKS RECOMMENDATIONS

Recommendation –Public Works I:

Beach Maintenance – Further Explore Vendor Event Contributions

During the summer months it is the responsibility of Beach Maintenance to staff to setup and breakdown various events that are held at beach locations. These events can stress the workforce and also significantly increase overtime expenditures. Vendors have typically not been required by the City to contribute to these increased costs. Beach Maintenance and the DPW should work with the City Manager and Corporation Counsel to determine an appropriate methodology for vendors to subsidize the additional costs borne by the City.

Recommendation –Public Works II:

Building Maintenance – Further Explore Vendor Event Contributions

As noted, there are presently 27 properties under the Divisions care. It was indicated that several of these properties are rapidly aging and will require significant investment in future years.

Building Maintenance should work with the DPW Commissioner, City Manager and the City Comptroller in order to construct a detailed and sustainable capital improvement plan relative to City owned buildings and properties. Although the City does maintain an annual Capital Improvement Plan, this would be more specific to City properties. Building Maintenance will be pivotal in assisting with the identification and prioritization of the projects included in the plan. The development of this plan is critical to the fiscal health of the City. As projects become emergencies, repair costs will rapidly escalate and the City loses flexibility with related decisions.

Recommendation –Public Works III:

Building Maintenance – Investigate the Feasibility of Selling of the Gun Range Property

Although CMA has not completed a formal review of the Gun Range, Beach Maintenance officials indicated it may be possible to sell the property. Given the current fiscal conditions of the City, it would be prudent to assess the feasibility of selling this asset.

Recommendation –Public Works IV:

Street Maintenance – Reduce Uniform Costs

Street Maintenance officials believe there presently exists an opportunity to lower the cost associated with employee uniforms. In conjunction with the City Manager, this opportunity should be further reviewed for feasibility.

Recommendation –Public Works V:

Sanitation – Analyze Methods to Regulate Private Haulers

Several commercial properties in City limits have commenced the usage of private sanitation costs as result of their comparatively lower costs. This is a major impediment to Sanitation. There is no effective way to differentiate City pickups and private pickups. Thus, Sanitation often ends up inadvertently servicing these entities with no compensation. Although looked at several years ago, the City could require the purchase of specific receptacles to differentiate the patrons of private carters. Bags would not be appropriate for this purpose as they can be easily torn by birds and animals, which would cause additional problems.

As an alternative, Sanitation should also work with the City Manager and Corporation Counsel to determine a methodology and approach to ticketing private companies who do not timely pickup waste.

Recommendation –Public Works VI:

Sanitation – Analyze Sanitation Workforce for Rightsizing Opportunities

Sanitation is operated by approximately 47 employees, 23 of which work on a part-time basis. Management throughout the DPW identified Sanitation as being severely understaffed. Management believes the proper number of employees, assuming part-timers usage continues, would be in the range of 55 to 60 individuals. As an alternative, the fulltime staffage levels could be increased which would reduce the usage of part-time employees. Due to the low wages offered to part-time employees, Sanitation often has trouble filling these part-time rolls. The candidates are often either very young and unable to perform their duties due to the physical requirements or have had some sort of legal troubles in their past. In addition, several of the long-term part-timers have remined on the job with the hopes that they will at some point be transitioned to a fulltime capacity. In most instances this has not been the case and as result employee morale is negatively impacted.

In conjunction with the City Manager and Comptroller, Sanitation and the DPW should conduct an analysis to determine if staffing levels are adequate, an appropriate level of overtime, and optimal scheduling practices. The analysis should draw on data from similar sized cities to form a base for comparison purposes. Labor related expenses constitute a significant portion of the Sanitations annual operating budget. As such, developing a proactive approach to these costs would benefit Sanitation.

Special Note: Subsequent to the as of date of this Analysis, on January 1, 2021, CMA understands eight (8) full-time employees were hired by the Sanitation Department

Recommendation –Public Works VII:

Sanitation – Conducted a Capital Needs Assessment Relating to Sanitation Equipment

The Sanitation fleet consists of 13 trucks, 8 of which are typically operational at any given time. Management indicated that typical useful life of a truck is approximately 7 to 8 years, assuming preventative maintenance is timely completed. Certain Sanitation trucks are currently over 15 years old. Sanitation's fleet is rapidly aging and has required a significant amount of attention and resources. The downtime of these trucks can sometimes extend over months according to Management. Effective management of vehicles is crucial to the fiscal health of the Sanitation and, generally, the City overall.

Special Note: The City passed a resolution on December 3, 2019 to purchase 6 new 25 yard garbage trucks.

Recommendation –Public Works VIII:

Sanitation – Reduce Tipping Fee Costs

DPW and Sanitation management indicated the current waste management agreement is set to expire in the near future. Currently the tipping fee, per ton, is approximately \$95. By switching providers Management believes the fee may be lowered by approximately \$10 per ton of waste. The cost savings could be significant, and this opportunity should be closely reviewed and discussed with the Comptroller.

Special Note: As of February 2020, City management has indicated that new contracts have been signed and they presently expect approximately \$1.0 million in (total) savings will be realized over the next five years.

Recommendation –Public Works IX:

Water Transmission – Explore Lead Service Grant Opportunity

Water Transmission Management indicated there is presently a grant opportunity in the amount of approximately \$614,000 for the replacement of various types of line and equipment. The program covers materials and also costs related to. In conjunction with the City Manager and DPW Commissioner, Water Transmission should ensure grant funds are strategically and effectively utilized.

Recommendation –Public Works X:

Water Purification – Develop a Supply Plan in the Event of Salt Water Intrusion

The Water Purification plant seems well operated. Nevertheless, its management indicated the biggest threat is the possibility of saltwater intrusion. Given the location of the plant, this is somewhat of a unique concern. Future intrusion could result in significant costs to the City. As such, Water Purification should work with the DPW Administration to ensure there are adequate strategic plans in place to avoid such a catastrophe.

DEPARTMENT OF PURCHASING RECOMMENDATIONS

Recommendation –Purchasing I:

Streamline and Automate the Procurement and Purchase Process

To mitigate the practice whereby other City departments, initiate their own procurements without proper adherence to existing procurement rules, the DP should:

- Streamline the procurement process by developing a procurement flow chart aimed at reducing the number of contact points that a document must be physically routed through and reviewed;*
- Implement a graduated procurement system that gives more financial and procurement authority to key departmental heads.*

Recommendation –Purchasing II:

Review and Revise the Procurement Policy and Procedures Manual.

In conjunction with the City Manager and Corporation Counsel, the DP should review and revise the Procurement Policy and Procedures Manual. The manual should then be presented to the Council for their consideration.

DEPARTMENT OF TAX ASSESSMENT RECOMMENDATIONS

Recommendation –Assessor I:

Seek Out Records Management Grants

In conjunction with the City Manager, the DTA should seek out and apply for records management grants offered through the State. Grants may provide funding for technology upgrades, equipment upgrades, and for training purposes.

The New York State Local Government Records Management Improvement Fund is a grant program which can provide funding to assist local governments with the establishment or improvement of a records management program. Although a competitive grant, awards are based on the merits of the completed application.

Recommendation –Assessor II:

Develop a Plan to Take Advantage of Designated Opportunity Zone

The City's DTA has no formalized plan to take advantage of the Opportunity Zone designated within its limits. As such, the City should conduct an analysis to determine the methodology for taking advantage of this designation. In view of the fact that multiple zones have been designated around the State, the City could conduct a benchmark analysis to better understand actions being taken by peer jurisdictions.

DEPARTMENT OF YOUTH AND FAMILY SERVICES RECOMMENDATIONS

Recommendation – Youth and Family Services I

Explore the Possible Elimination of Daycare Services

If the City is to address the current deficit position of the General Fund, it will first need to develop a structurally sound budget. This will entail the consideration of significant structural changes to certain services. There presently exist deficiencies within the structure of the DYF's childcare staffing. In conjunction with the City Manager, the City Comptroller and Corporation Counsel, the City should conduct a cost benefit analysis relative to childcare services. A comprehensive study beyond the scope of the Analysis will be required. As such, the City should explore grant opportunities which would offset the cost of conducting a feasibility study.

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APPENDIX A

SAMPLE FISCAL POLICIES

SECTION-V

SAMPLE FISCAL POLICIES

INTRODUCTION

The City of [REDACTED] has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The financial goals and policies set forth in this document are intended to establish guidelines for the continued financial strength and stability of the City of [REDACTED]. They have been reviewed annually and amended as necessary since their original adoption on January 22, 1992.

FINANCIAL GOALS

Financial goals are broad, fairly timeless statements of the financial position the City seeks to attain. The financial goals for the City of [REDACTED] are:

- To provide full value for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain a strong credit rating in the financial community.

FINANCIAL POLICIES

Financial policies support the financial goals. They are general statements that guide decision-making in specific situations, to ensure that a decision will contribute to the attainment of the financial goals. Federal and state laws, rules, and regulations, our City Charter, and generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) and the Government Finance Officers Association of the United States and Canada (“GFOA”) govern our financial policies and processes.

SAMPLE BUDGET POLICY

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the City of [REDACTED] has adopted the following budget policy statements:

- Annual operating budgets will be adopted for the General Fund, special revenue funds, proprietary funds, and Debt Service Fund. Project-length budgets will be adopted for all capital projects.
- Annual operating budgets will be adopted on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations). Operating revenues include taxes, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, debt proceeds and transfers in from other funds for operating (non-capital) purposes. Operating expenditures/expenses include salaries and wages, employee benefits, non-capital equipment and improvements, depreciation (proprietary funds only), materials, supplies, contractual costs, and transfers out to other funds for operating (non-capital) purposes. Fund balance should not be considered a source of funds for operating expenditures/expenses. Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses.
- The City will adopt an annual budget for the General Fund that includes a contingency equal to at least one (1%) percent of the total General Fund appropriations of that budget. This contingency will be used to provide for expenditures that exceed or revenues that do not meet budget estimates, and/or for new or increased program requirements required by law or desired and approved by City Council resolution.
- Unassigned fund balance may be appropriated as part of the adopted budget to fund capital, emergency, or unusual and non-recurring expenditures/expenses. Unassigned fund balance should not be used to fund operating expenditures/expenses in the adopted budget.
- One-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used to fund capital or emergency expenditures/expenses in the adopted budget. One-time revenues include, but are not limited to, proceeds from the sale of property and other major assets, governmental aid that is not regularly received and is unlikely to recur on a regular basis, major gifts or donations, and major insurance recoveries.
- GASB 54 classifications of fund balance will be estimated in the adopted budget for amounts of fund equity legally restricted or otherwise not available for appropriation. GASB 54 is effective for Financial Statements for periods beginning after June 15, 2010. GASB 54 divides Fund Balance reporting in to the five following classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.
- The City's fiscal year shall be the calendar year and its budget calendar shall be as provided for in Article 21 of the Charter of the City of [REDACTED], as follows:
 - On or before the second Wednesday in August of each year, the City Manager will submit a capital program to the City Council which lists the proposed capital improvements with appropriate supporting information.

- On the first Wednesday following Election Day in November of each year, the City Manager will submit a tentative budget for the ensuing fiscal year to the City Council.
 - Upon receiving the tentative budget from the City Manager and prior to a public hearing, the City Council may, by a vote of at least four members of the Council, make changes in the tentative budget.
 - After considering the tentative budget, but not later than the first Wednesday in December, the City Council will hold a public hearing on the proposed budget.
 - After the public hearing, the Council may adopt the proposed budget with or without amendment. In amending the proposed budget, it may add or increase programs or amounts, and may decrease or delete programs or amounts, except expenditures required by law, or for debt service or for an estimated cash deficit, provided that it may not increase the estimated revenues or the total proposed expenditures without the affirmative vote of at least five members of the Council.
 - The Council shall adopt the proposed budget and determine the tax rate for the ensuing year on or before December 31 of the current fiscal year.
- The City Manager may at any time during the fiscal year transfer part or all of any available appropriation balance among programs or accounts within any fund. The Council may by resolution transfer part or all of any available appropriation balance among programs or accounts within and/or between any funds.
 - No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the available balance thereof.

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SAMPLE CASH MANAGEMENT AND INVESTMENT POLICY

SCOPE

This cash management and investment policy applies to all money and other financial resources available to the City of [REDACTED] for deposit and/or investment on its own behalf or on behalf of any other entity or individual.

OBJECTIVES

The primary objectives of the City's cash management and investment activities are, in order of priority:

- To conform with all applicable federal, state and other legal requirements (legality),
- To adequately safeguard principal (safety),
- To provide sufficient liquidity to meet all operating requirements (liquidity), and,
- To obtain a reasonable rate of return (yield).

DELEGATION OF AUTHORITY

In accordance with City Charter §C10-2, responsibility for administration of the cash management and investment program is delegated to the City Comptroller, who shall establish written procedures for the operation of the cash management and investment program consistent with these cash management and investment guidelines. Such procedures shall include an internal control structure adequate to provide a satisfactory level of accountability, maintaining records incorporating descriptions and amounts of investments, transaction dates, and other relevant information, and regulating the activities of subordinate employees.

PRUDENCE

All participants in the cash management and investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the City.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the cash management and investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

DIVERSIFICATION

It is the policy of the City to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

The following diversification limitations shall be imposed on the City's portfolio of deposits and investments:

- Institution: No more than 55% of the overall portfolio may be deposited in a single bank, except in the case of money center banks, for which the limit is 75%.
- Instrument:
 - No more than 55% of the overall portfolio may be invested in cooperative investment programs, and,
 - No more than 25% of the overall portfolio may be invested in the securities of a single issuer, except the U.S. Treasury.
- Maturity:
 - No more than 10% of the portfolio may have a maturity beyond twelve months,
 - The average maturity of the portfolio shall never exceed one year, and,
 - At least 10% of the portfolio shall be invested in overnight instruments or marketable securities that can be sold to raise cash on one business day's notice.

INTERNAL CONTROLS

It is the policy of the City for all money collected by any officer or employee of the City to transfer those funds to the City Comptroller as soon as is practicable, but in any event within one business day of receipt, or within the time period specified by law, whichever is shorter.

The City Comptroller is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and that deposits and investments are managed prudently and in compliance with applicable laws and regulations.

DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of money are as follows:

Banks and trust companies holding City deposits must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations (“NRSRO”) listed below for long-term debt (debt having a term of one year or more):

NRSRO	Long-Term Debt Rating	
Moody's Investors Services		
Standard & Poor's		
Fitch		

The City Council shall review and approve this list at least annually.

COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law §10, all deposits of the City, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by any one or combination of the following:

- By a pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits, from one of the following categories:
 - Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
 - Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
 - Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
 - Obligations issued or fully insured or guaranteed by New York State, obligations issued by a municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys.
 - Obligations issued by states (other than New York State) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
 - Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

- Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.
- Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-term category by at least one nationally recognized statistical rating organization and having maturities of not longer than sixty days from the date they are pledged.
- Zero-coupon obligations of the United States government marketed as "Treasury STRIPS".

There must be diversification of the collateral securing deposits, except where the deposits aggregate less than \$2,000,000 or the security is in the form of obligations of the U.S. Government or State of New York.

Eligible securities must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations ("NRSRO") listed below:

NRSRO	Long Term Debt ⁽¹⁾			Short Term Debt ⁽²⁾		
Moody's Investors Service						
Standard & Poor's						
Fitch						

(1) Securities with an original term of one year or longer.

(2) Obligations usually defined as less than one year

1. By an eligible irrevocable letter of credit issued by a qualified bank, other than the bank with the deposits in favor of the City for a term not to exceed 90 days, with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations meets the rating requirements of at least one nationally recognized statistical rating organization as heretofore described or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the City for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims - paying ability meets the rating requirements of at least two nationally recognized statistical rating organizations as heretofore described.

SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or a third-party bank or trust company, subject to security and custodial agreements satisfactory to the City's Corporation Counsel.

The security agreement shall provide that eligible securities are being pledged to secure City deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released providing collateral values are maintained, and, the events which will enable the City to exercise its rights against the pledged securities including failure to meet deposit repayment or collateral terms, or the deposit institution's insolvency. In the event that the securities are not registered or inscribed in the name of the City, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the City or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the City, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall also describe how the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for daily revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. The agreement shall provide that the custodian will exercise the City's rights to the security or as instructed by the City. Such agreement shall include all provisions necessary to provide the City with a perfected interest in the securities.

PERMITTED INVESTMENTS

As authorized by General Municipal Law §11, the City authorizes the City Comptroller to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York
- Obligations issued pursuant to Local Finance Law §24 or §25 (with approval of the State Comptroller) by any municipality, school district or district corporation other than this City
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments
- Certificates of Participation issued pursuant to General Municipal Law §109-b

- Obligations of this City, but only with any money in a reserve fund established pursuant to General Municipal Law §6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

All investment obligations shall be payable, saleable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable, saleable or redeemable at the option of the City within two years of the date of purchase.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

Financial institutions and dealers approved for the purchase and sale of investments are as follows:

All financial institutions with which the City conducts business must meet or exceed the following rating requirements of at least one of the nationally recognized statistical rating organizations (“NRSRO”) listed below for long-term debt (debt having a term of one year or more):

NRSRO	Long-Term Debt Rating	
Moody's Investors Services		
Standard & Poor's		
Fitch		

Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the City. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The City Comptroller is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated by the City Council at least annually.

PURCHASE OF INVESTMENTS

The City Comptroller is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner. Authorization for the purchase of repurchase agreements is subject to the limitations outlined in the section of this policy entitled “Repurchase Agreements”.
2. By participation in a cooperative investment program where such program meets all the requirements of the General Municipal Law, the diversification characteristics as outlined in the section of this policy entitled “Diversification”, and that otherwise meets the same standards as the City has for direct investments.
3. By utilizing an ongoing investment program with an authorized trading partner, pursuant to a contract authorized by the City Council.

All purchased investments, obligations, or participations unless registered or inscribed in the name of the City, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the City by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law §10.

REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase agreement providing for the terms outlined below and satisfactory to the Corporation Counsel
- The City may only be the initial purchaser in such agreements
- Trading partners are limited to banks or trust companies meeting the rating requirements of one of the nationally recognized rating organizations as heretofore described or primary reporting dealers approved by the Federal Reserve Bank of New York
- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America
- No substitution of securities will be allowed
- The custodian of the purchased securities shall be a party other than the trading partner, satisfactory to the City
- Tenor of the repurchase agreement should be no longer than 3 months
- Tenor of the securities to be purchased should be no longer than 10 years
- The market value of the securities purchased shall exceed the purchase funds by the margins shown below; and, the securities shall be revalued daily, and these margins should be maintained by the initial seller during the life of the transaction:
 - For bills or bonds less than 3 years tenor, 3%;
 - For bills or bonds of 3 years to 10 years, 4 1/2%;
 - No one repurchase agreement may exceed \$2,000,000, and,

- The City retains the right to terminate the agreement and sell the securities outside the repurchase agreement if any of the above items are not met after adequate notice to the initial seller.

SAMPLE CAPITAL ASSET POLICY

This policy is to establish the principles related to the accounting treatment of our capital assets.

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Land and land improvements are inexhaustible capital assets and will not be depreciated. Construction in progress will not be depreciated. All other capital assets will be depreciated over their estimated useful lives, as established by the City Comptroller, using the straight-line method of depreciation. In no event shall the useful life of an asset be less than the period of probable usefulness established for debt purposes as found in Section 11 of the New York State Local Finance Law.

A capitalization threshold is the cost established by the City Comptroller that must be met or exceeded if an asset is to be recorded and depreciated as a capital asset. The capitalization threshold is based on the cost of a single asset. Assets that do not meet the capitalization threshold will be recorded as expenditures or expenses. For purposes of property control (insurance, security, etc.), the City Comptroller and/or department heads may develop and maintain the appropriate record keeping system(s) to account for assets which do not meet the capitalization threshold.

Capital assets that meet the minimum capitalization threshold will be recorded at historical cost. The cost of a capital asset includes capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets will be recorded at their estimated fair value at the time of acquisition, including any ancillary charges. Estimated historical cost may be used in those cases where the actual historical cost is not readily available. Estimated historical cost will be calculated using the current replacement cost of a similar asset and deflating this cost to the acquisition year (or estimated acquisition year) using a price-level index approved by the City Comptroller.

Capital assets associated with the operation of enterprise funds will be recorded in those funds. Capital assets associated with general government operations, with the exception of infrastructure assets, will be recorded in the appropriate internal service fund(s). Infrastructure assets will not be recorded in a governmental or proprietary fund, but the City Comptroller will establish and

maintain the record keeping system necessary to allow for the accounting, auditing, and reporting of such assets, including depreciation.

Useful Lives and Thresholds of Capital Assets:

Class	Asset	Capitalization Life (Yrs)	Threshold (\$)
Land	Land and Site Improvements	Inexhaustible	Any value
Buildings	Buildings	50	100,000
Buildings	Building Improvements	50	50,000
Equipment	Accounting, Assessment or Tax Systems	10	15,000
Equipment	Passenger Vehicles w/capacity < 10 persons	3	15,000
Equipment	Passenger Vehicles w/capacity >= 10 persons	5	15,000
Equipment	Computer Hardware and Software	5	15,000
Equipment	Construction Machinery >\$15,000 <\$30,000	10	15,000
Equipment	Construction Machinery >= \$30,000	15	30,000
Equipment	Fire/Police Boats	10	15,000
Equipment	Firefighting Apparatus	20	50,000
Equipment	Misc. Equipment, Furniture, Furnishings	5	15,000
Improvements	Fences, Walls, Trails, etc	20	20,000
Improvements	Docks	10	20,000
Improvements	Dredging	7	100,000
Improvements	Parks & Playgrounds	20	50,000
Improvements	Golf Course Improvements	15	50,000
Improvements	Swimming Pools	15	50,000
Improvements	Underground Fuel Tanks	15	50,000
Infrastructure	Bridges & Tunnels	50	50,000
Infrastructure	Curbs & Sidewalks	25	50,000
Infrastructure	Drainage	50	20,000
Infrastructure	Parking Lots	25	20,000
Infrastructure	Sewers	50	20,000
Infrastructure	Streets - Primary	17	50,000
Infrastructure	Streets - Secondary	25	20,000
Infrastructure	Traffic Signals and Signs	25	50,000

SAMPLE DEBT MANAGEMENT POLICY

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the City of [REDACTED] has adopted the following debt management policy statements:

- Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least ten years under New York State Local Finance Law.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency. Short-term debt may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years under New York State Local Finance Law.
- Whenever appropriate, we should seek to issue debt that can be repaid from special assessments, enterprise fund revenues, or other sources other than a general levy of real property taxes.
- Debt maturity will not exceed the lesser of: the useful life (as established by the City Comptroller), or the period of probable usefulness (as defined in New York State Local Finance Law), of the object or purpose so financed.
- The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- As required under New York State Local Finance Law §104, our total amount of outstanding debt will not exceed 7% of our 5-year average full valuation.
- In addition to the legal debt margin, the City Charter §C21-9 places limitations on the issuance of new debt. The City Council may, by a vote of at least five members, authorize the issuance of debt not exceeding 30% of the average gross annual budget for the preceding three years. Debt in excess of 30% requires approval of the voting public in a general or special election. All bond resolutions authorizing the issuance of bonds in excess of \$1 million for the acquisition of real property shall be adopted by a vote of at least five members of the City Council and shall be subject to the approval of a majority of the qualified voters voting at a general or special election. Debt for public safety purposes in the amount of \$1 million per year to a maximum aggregate amount of \$2.5 million for all such debt issued is exempt from these debt limits, as is debt for Disaster Rebuilding to a maximum aggregate of \$2.5 million. For purposes of this calculation, "gross annual budget" is defined as the total appropriations of the General Fund, the Cable TV Special Revenue Fund, and the enterprise funds (Boat Basin Fund and Golf Club Fund). All other fund budgets - the K.T. Woods Permanent Fund, the Debt Service Fund, the Capital Projects Fund, and the internal service funds (Risk Retention Fund and Building and Vehicle Maintenance Fund) are not included in the calculation, as their budgets are supported primarily by revenues and transfers charged to other funds.
- On December 21, 2011, City Council authorized an additional exemption from the City debt limits, authorizing the issuance of bonds for the payment of capital improvements or equipment proposed to be constructed or acquired for purposes determined by resolution of the Council to be required as a result of a natural disaster, as declared by the Federal

Government and requiring urgent action, in an amount not exceeding \$2,500,000 in the aggregate in any fiscal year, and provided that on the date of adoption of said bond resolution, the Council determines that the aggregate of the proposed bond authorization and the outstanding principal amount of obligations previously issued for natural disaster reconstruction purposes requiring urgent action does not exceed \$2,500,000.

SAMPLE EXPENDITURE POLICY

Expenditures/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of [REDACTED] has adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all claims made against the City shall be as follows:
 - Departments must issue purchase orders as required under our purchasing policy. Departments are encouraged to issue purchase orders whenever practical, even if they are not required.
 - Properly completed claims must be prepared and submitted to the finance department by the department responsible for originating the claim. A "properly completed claim" must include, but is not limited to, the vendor's name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. "Sufficient documentation" means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment. Typical documentation includes copies of purchase orders, invoices and/or statements, council resolutions awarding bids or state contracts, records of quotes received, receiving slips, correspondence and other communications.
 - Finance will issue checks promptly for all claims properly completed and submitted.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law or otherwise established by the City Manager or City Comptroller.

- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- We will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

SAMPLE CREDIT CARD ISSUANCE AND USE POLICY

To receive your assigned credit card, please read this Credit Card Policy and return the Credit Cardholder Agreement (Attachment A) to the City Comptroller. Retain the Policy, a copy of the signed agreement and any future revisions for your reference.

CARDHOLDER RESPONSIBILITIES

- Ensure that the credit card is used in compliance with the City's Purchasing Policies.
- Only authorized employees of the City of [REDACTED] may use the municipal credit card.
- A municipal credit card may be used for the purchase of goods or services for only official business of the City of [REDACTED].
- The employee using the credit card must submit receipts, documentation detailing the goods or services purchased, cost, date of the purchase and the official business explanation thereof.
- Above said receipts and documentation must be submitted to the City's Finance Office within 2 business days of making a purchase.
- The employee issued the card is responsible for its protection and custody and shall immediately notify the City Comptroller, in writing, if the card is lost or stolen.
- Municipal credit card users must notify vendors or merchants that the credit card transaction should be exempt from New York State Sales and Use Taxes (IRS Tax Identification #13-6007325) if it is used for the purchase of goods or services in the State of New York.
- The credit card may not be used for cash advances, personal use or any other type of purchase not permitted under the City's Purchasing Policy.
- Employees must immediately surrender the card upon termination of employment. The City reserves the right to withhold final payroll checks and payout of accrued leave until the card is surrendered.
- Prohibited Transactions: (a) splitting of total purchase cost, singly or between cardholders to avoid transaction limits, (b) personal purchases, (c) non-municipal use, (d) cash advances, money orders, bank drafts, etc. (e) temporary help, (f) maintenance contracts, long term agreements, rentals or leasing of equipment (with the exception of short-term emergency situations, or vehicle rentals required for travel.)

DISPUTED CHARGES, RETURNS, AND ASSISTANCE

In the event of disputed charges, or if a cardholder has any questions, the cardholder should contact the appropriate financial institution directly. In the event there are returns, the cardholder must check to ensure that credit notices are issued by the vendor, and submit the credit slip to the Finance Department. If a credit slip was not obtained, attach other documentation explaining the return. If credit does not appear by the second subsequent statement, the cardholder must contact the financial institution directly.

The cardholder must also advise the Finance Department if there is a dispute. The cardholder must ensure that all required steps to register a dispute are followed. Any charge to be disputed must be identified within 30 days of the statement date. The cardholder is responsible for the transactions identified on the statement. If an audit is conducted on a cardholder's account, receipts must be produced and/or other proof that the transaction occurred. If an error is discovered, the cardholder is responsible to show that the error or dispute resolution process has been invoked.

LOST OR STOLEN CARDS

The card assigned is the property of the City of [REDACTED] and should be secured as a personal credit card would be. If the card is lost or has been stolen, or if the number becomes the knowledge of someone else, notify the Comptroller immediately.

INTERNAL CONTROL PROCEDURES

The City Manager is the administrator of this policy and shall be responsible for the issuance and retrieval of assigned municipal credit cards to personnel and generally for overseeing compliance with this policy.

The Comptroller shall be responsible for:

- Assisting and maintaining record of issuance and retrieval of municipal credit cards and overseeing compliance with this policy.
- Accounting and payment of expenses. All documentation must accompany invoices before payment is made.
- Ensuring accuracy of the statement and that activity and account information is noted on the credit card statement for each line of entry.
- The balance under the credit card arrangement shall be paid for within 30 days of the initial statement date.
- Compliance with State of New York records retention requirements for safekeeping of statements and receipts for seven years.
- Cardholders will be subject to random audits of expenses and recordkeeping by the Finance Department. Any purchases which violate the terms of the Cardholders' responsibilities shall be reported by the Comptroller to the City Manager. Discovery of violation(s) of this policy may result in loss of card privileges and/or other disciplinary steps, as appropriate.

The total combined authorized credit limit of all credit cards issued by the City of [REDACTED] shall not exceed ½ % of the General Fund budgeted expenditures of the City of [REDACTED] for the current fiscal year.

Any employee found guilty of illegal or unauthorized use of a municipal credit card may be subject to penalties allowed by law and/or disciplinary action(s) under the City's Personnel Policies up to and including termination

SAMPLE OPERATING POSITION POLICY

Operating position refers to the City's ability to balance its budget on a current basis, maintain reserves for emergencies, and maintain sufficient cash to pay its bills on a timely basis. Our operating position policy requires that:

- The City will pay all current operating expenditures with current operating revenues.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported in accordance with GASB 54 reporting requirements.
- The City will maintain unassigned fund balance of the General Fund at a level at least equal to 5% of the total General Fund appropriations.
- General Fund unassigned fund balance should be used for capital, emergency, or unusual and non-recurring expenditures.
- The City will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The City will prepare June 30th, and September 30th, quarterly financial reports of the financial position and results of operations, for the General Fund, special revenue funds, Debt Service Fund, and proprietary funds within 45 days of quarter end.
- The Comptroller will communicate the City's liability for Other Post-Employment Benefits (OPEB) to the City Council on a bi-annual basis.

PURCHASING POLICY

The adoption of a purchasing policy confirms the commitment of a local government to ensure that its purchases of goods and services are made legally, fairly, prudently, competently, and at the lowest possible cost offered by responsible vendors. This purchasing policy, our city charter, General Municipal Law §§103 and 104, and the State Comptroller's Financial Management Guide subsection 8, provide guidance to those city employees involved in the purchasing process. The City of [REDACTED] has adopted the following purchasing policy statements in accordance with §104-b of the General Municipal Law (GML):

- Per §C8-2(J) of our city charter, the city manager shall have control and supervision of all city purchases except for those requiring competitive bidding.
- The dollar thresholds stated in this policy are to mean the total city-wide aggregate amount which is estimated to be spent for the same or similar item in the course of a fiscal year.
- Per GML §103, competitive bids will be required for purchase contracts (contracts involving materials only) in excess of \$20,000 and public works contracts (contracts involving labor or both labor and materials) in excess of \$35,000.
- Some purchases are specifically exempt from competitive bidding or purchasing policy. Such exceptions are defined in GML §103 and §104-b, and include but are not limited to, state and county contracts, qualified agencies, emergencies, professional services, sole source vendors, true leases and insurance.
- The purchase record for any purchase made under an exception to competitive bidding or purchasing policy will include documentation clearly indicating the exception as defined in GML §103 or §104-b.
- For purchases not requiring competitive bid:
 - Three written quotes will be required for any purchase of \$5,000 or more
 - Two verbal quotes will be required for any purchase of at least \$2,500 and below \$5,000
 - Purchases below \$2,500 may be made at the discretion of the department head
 - Where it is economically feasible, departments are encouraged to seek competitive written quotes from three or more vendors, whether or not the quotes are required.
- The city council may adopt resolutions establishing circumstances and reasons under which, in the best interest of the city, competitive bids or quotes are not required.
- Purchase orders must be issued for purchases of \$1,500 or more. Purchase orders are encouraged where practical for purchases less than \$1,500.

Purchase orders of \$5,000 or more shall be submitted to, and approved by, the City Manager prior to being submitted to the Finance Department.

Only Purchase Orders generated by the Finance Department shall be used for requisitioning.

All purchases will be sufficiently documented. “Sufficiently documented” means that a person unfamiliar with the transaction would understand the transaction, including, but not limited to, the nature and purpose of the transaction, parties involved, goods or services ordered and delivered, itemized and total costs, accounts charged, person(s) who authorized the purchase, person(s) who confirmed receipt of the goods or services, and the date of each material event in the purchasing process.

BLANKET PURCHASE ORDERS

Blanket Purchase orders are open end purchase orders issued to various vendors for the purpose of consolidating numerous purchases over the course of the year. Blanket purchase orders eliminate the issuance of separate orders for groups of items which are purchased frequently from the same vendor, and permit departments to purchase items of this nature on an “as needed” basis.

If at any time the amount allowed on the Blanket Purchase Order will be exceeded, a change order is to be submitted to the City Manager.

CHANGE ORDERS

A change order shall mean a properly prepared and authorized document which directs and authorizes a vendor providing goods or performing services to change the quantity or character of goods provided or services performed from that originally specified or estimated and to correspondingly change the payment due. Change orders are submitted first to the City Manager for approval, and then forwarded to the Finance Department for processing using the following form:

(The remainder of this page has been left intentionally blank.)

CITY OF _____
PURCHASE ORDER
CHANGE ORDER REQUEST FORM

Date: _____, 20____

Change Order Requested By: _____

Department: _____ *PO#:* _____

Vendor Name: _____ *Vendor #:* _____

Amount of Change: \$ _____

Original Amount: \$ _____ *New Total:* \$ _____

<i>Item #</i>	<i>Quantity (From)</i>	<i>Quantity (To)</i>	<i>Unit Price (From)</i>	<i>Unit Price (To)</i>

Justification for Change:

Department Head Signature: _____ *Date:* _____

Comptroller Signature: _____ *Date:* _____

City Manager Signature: _____ *Date:* _____

NEW YORK STATE OFFICE OF GENERAL SERVICES – STATE CONTRACT

New York State Office of General Services awards centralized contracts based on competitive bidding for commodities, services, information technology and telecommunications. State contracts should be reviewed and used whenever possible to provide additional cost savings. The City of [REDACTED] is eligible to purchase through State Contracts as a political subdivision of New York State.

New York State General Municipal Law does not require competitive bidding if purchases are made under State Contract. Therefore, spending levels do not apply only if the purchase is made under New York State Contract. Purchases made from vendors offering lower-than-state contract price do not qualify under this exception. State Contracts are on file in the Purchasing Department, and are accessible on-line at <http://www.ogs.state.ny.us>

- The justification and reasons for any variance from this policy, including but not limited to, the selection of a vendor who is not the lowest responsible bidder or the failure to obtain sufficient competitive quotes, will be documented and made a part of the purchasing record.
- The city council and all city department heads will review this policy periodically and at least annually. Comments, questions, and proposed changes should be addressed to the city comptroller.
- The unintentional failure to comply with this purchasing policy or the provisions of GML §104-b shall not be grounds to void action taken or give rise to a cause of action against the city or any officer or employee of the city.

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REVENUE POLICY

Revenues determine the capacity of a local government to provide services. Under ideal conditions, revenues would grow at a rate equal to or greater than expenditures. To ensure that our revenues are balanced and capable of supporting our desired levels of services, the City of [REDACTED] has adopted the following revenue policy statements:

- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- We will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- We will carefully and routinely monitor any amounts due to us. An aggressive policy of collection will be followed for all receivables, including property taxes.
- General Fund recreation user charges and fees will strive to recover approximately 40% of total costs generated by General Fund recreation special programs and use of facilities and equipment.
- Proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- Revenue forecasts shall be conservative, using generally accepted forecasting techniques and appropriate data.
- Each year and whenever appropriate, we will review our schedule of fees and related administrative procedures.

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ATTACHMENT A

CITY OF _____ CREDIT CARDHOLDER AGREEMENT

Requirements for use of a Municipal Credit Card:

1. The credit card is to be used only to make purchases at the request of, and for the legitimate business benefit of, the City of [REDACTED], New York.
2. The credit card must be used in accordance with the provisions of the Credit Card Policy established by the City [REDACTED], as attached hereto.

Violations of these requirements may result in revocation of use privileges. Employees found to have inappropriately used the credit card will be required to reimburse the City of [REDACTED] for all costs associated with such improper use through direct payment or payroll deduction. Disciplinary action(s) may be taken per the City's Personnel Policies, up to and including termination. The City of [REDACTED] will investigate and commence, in appropriate cases, criminal prosecution against any employee found to have misused the credit card or who violates the provisions of the cardholder agreement.

Credit Card Account Number: _____

Received by: _____

Name (Please Print) _____

I acknowledge receipt of the attached Credit Card Policy and agree to abide by said Policy.

Signature: _____

Date: _____

(Below, For Finance Department Use Only)

CREDIT CARD RETURNED

Authorized Signature: _____

Date: _____

Reason: _____